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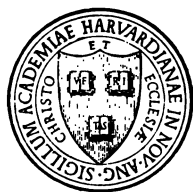
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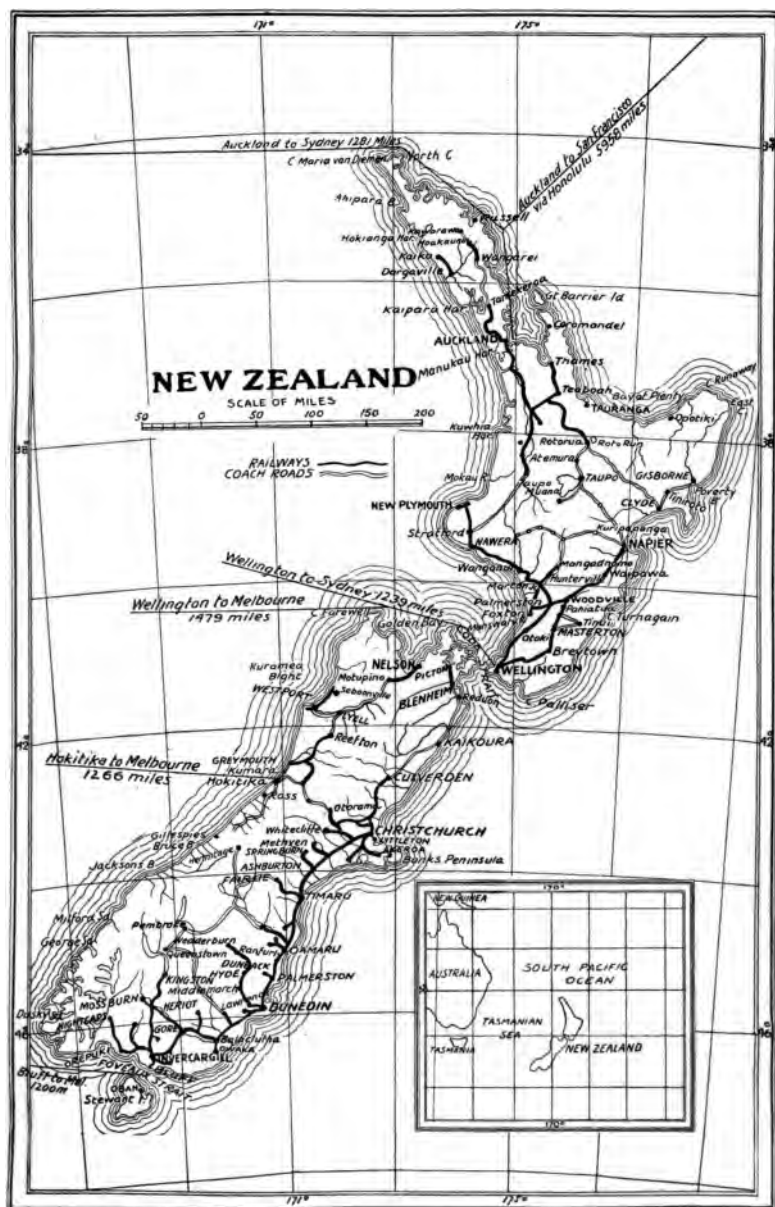
JULY, 1904

Politics in New Zealand



PUBLISHED BY
C. F. TAYLOR
1520 Chestnut Street, Philadelphia





Sample of Illustrations from "The Story of New Zealand."

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MAORI SIGNATURE TO A DEED.

The Maoris engraved their faces and bodies with curious curves and spirals. The design in each face was distinctive, not duplicated on any other. A man's tatoo face marks constituted his name. Living or dead, his friends could identify him by his "amoco," as a tatoo design was called.

When the natives agreed to give the Marsden Mission the land it required, and a deed was drawn, the missionaries were at a loss how to get the document signed, as the Maoris could not write. Hongi suggested that the tatoo markings on the face of Kuna, the chief conveying the land, should be drawn on the deed with Kuna's assent. The suggestion was adopted, and this became the common way of signing Maori deeds in the early days.



TANGIERI, A MAORI CHIEF OF EARLY DAYS.



CHILDREN OF A MAORI CHIEF.

The middle one is a boy; the tallest (Powharo) and the smallest are girls. The little girl (Juliana), seated, is a good type of a handsome Maori child. The garments are of native flax woven in long mats or mantles. The Maoris had no wool, cotton, silk, or linen, but besides the flax they made mantles of feathers and dog-skin. A chief's dress of kiwi feathers (the soft, fine, hair-like plumage of one kind of New Zealand's wingless birds) would occupy a first-class artist two years.

The women spoke and voted in the native councils, and would fight, too, upon occasion; so that the Government, which, in the first years of the Constitution, was still largely occupied with its relations to the Maoris, had not only the native men to reckon with, but the women also, making a total adult body twice as numerous as the white male settlers.

Sample Illustrations from "The Story of New Zealand."





On the volcano farm.

(See p. 554.)

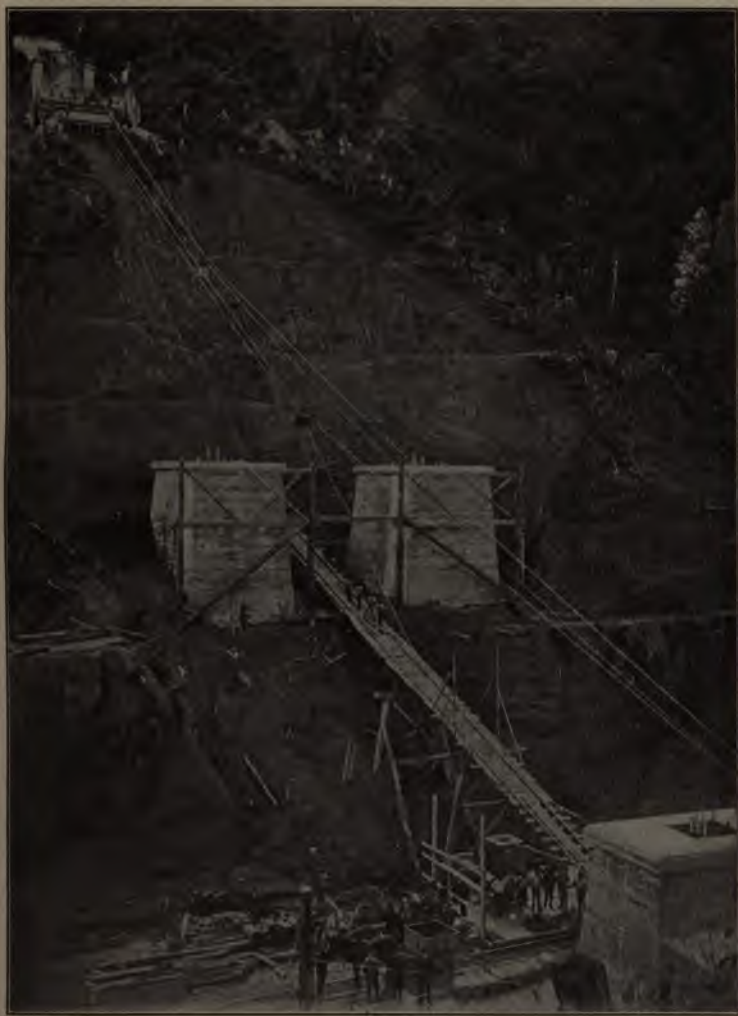
NGAURUHOE, FROM BLUE LAKE CRATER.

Some monopolists class the new land and labor laws of New Zealand with the volcanoes, but the movement of Liberal legislation is more like the steady upheaval of a continent from submergence under the sea into the light of day.



R. D. Seddon

This latest picture of the famous Premier was presented by him to the writer expressly for use in this book. The magnificent strength of the earlier pictures is here still, but softened and glorified by the fine intelligence that prints itself more deeply on the faces of great men each year they live—a truth the reader may find illustrated further by comparing the earlier and later pictures of Grey, Atkinson, Ballance, Reeves and others in this volume.



COÖPERATIVE GROUPS BUILDING THE MAHOKINE VIADUCT.

The Liberal Government has adopted coöperative methods in place of the old contractor system. The State constructs roads, railways, stations, public buildings, and even large bridges or viaducts of masonry and iron, by awarding sections of the work to groups of men on coöperative contract. Each group of workers is a partnership electing its own foreman and dividing the profits among all the members. The result is that the State gets better work at lower cost, while the workers have risen to the dignity of partners, and make much better pay than formerly, because they work with more will and because they receive the profits, which, under the old system, would go into the pockets of a few contracting employers.

Mr. Seddon, as Minister and Premier, has been the leader in this movement, with the strong support of Ballance, Reeves, McKenzie and other Liberals.



QUEENSTOWN, LAKE WAKATIPU, SOUTHERN PART OF MIDDLE ISLAND.

One of the things the traveler through New Zealand finds frequent occasion to comment upon is the admirable character of the sites selected for towns and cities. Not only are the coast cities, such as Nelson (p. 196), Napier (p. 273), Auckland (pp. 304, 436, 441), Wellington (p. 437), Dunedin (p. 438), and Picton (p. 639), beautifully located, but even inland towns are often charmingly situated, as in the case of Queenstown. The pure air and noble surroundings of such cities make them good places in which to raise men. Natural beauty alone cannot produce good men nor excellent institutions, but it is easier to develop fine character and institutions in the midst of beauty and purity than in ugly, dirty, smoky, slummy cities with crowded tenements and treeless streets that have no beauty of prospect, little pure air, and only narrow slits of sky.

Above references in "The Story of New Zealand."

Politics in New Zealand

BEING THE CHIEF PORTIONS OF THE POLITICAL PARTS
OF THE BOOK ENTITLED
"THE STORY OF NEW ZEALAND"
[BY FRANK PARSONS AND C. F. TAYLOR]
SELECTED AND ARRANGED BY
C. F. TAYLOR

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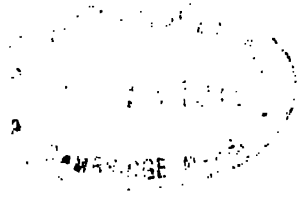
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1904



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From the

Quarterly Journal
of Economics.

EXPLANATION.

My purpose has been to place the enlightening and inspiring facts of New Zealand's government and institutions before the people of our country. "The Story of New Zealand," was prepared with great labor and published at great expense, with that purpose in view, but it is a large and heavy book, selling at \$3. Its size and cost prevent it from reaching the masses of our people, and the political facts, particularly, of that progressive country should reach the mind and thought of our voters. It is with a view of placing these political facts within the easy reach of the masses of our people, that I have selected the most important of these facts from the large book and arranged them as you see them in this unpretentious pamphlet. I hope that this little book will lead the reader to further studies along the line of progressive government, and particularly do I hope that our people may be inspired to emulate the example of New Zealand, and bring our government as close to the people as that of New Zealand is, and make it serve the interests of the common people.

C. F. TAYLOR.

Philadelphia, October, 1904.

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The New Zealand "Hansard" is the official report of the debates in Parliament similar to our Congressional Record. It is so named from the name of the man who first published the Parliamentary debates.

POLITICS IN NEW ZEALAND.

INTRODUCTION.

In approaching the study of New Zealand, let us realize that it is, take it all in all, the most interesting country on earth; not that it is a fairy land, nor a country essentially different from those with which we are familiar, but that it shows phenomenal combinations of scenery, and its political institutions are the wonder of the world.

In order to begin with clear ideas of location, size, etc., let us turn to the two maps on previous pages. One shows New Zealand in relation to the rest of the world, with routes of approach plainly marked, and the other shows New Zealand with its cities, railroads, etc. We find that New Zealand consists of three islands: the North Island is a little larger than Ohio, the Middle Island is a little larger than Illinois, and the South Island is much smaller; and all are irregular in shape. All together, they are a little larger than Great Britain (England, Scotland and Wales), and nearly twice as large as our New England. The extreme length of the group is about 1000 miles, running nearly north and south. If these islands should be placed in the northern hemisphere in a similar latitude to that which they occupy in the southern hemisphere, they would extend from about the southern boundary of Tennessee to about the northern boundary of Minnesota; but they have a far more equable climate than the section of our country mentioned, the summers being cooler and the winters warmer; due, doubtless, to the large extent of ocean surrounding the comparatively small bodies of land.

In physical features, this little country has mountain scenery equal to the Alps, fiords equal to those of Norway, geysers equal to those of our own wonderful Yellowstone Park, splendid harbors, numerous rivers, romantic cascades and waterfalls, glaciers, the blue skies of Italy, extensive forests, mammoth trees, and the vegetation is green all the year round. Fuller particulars with many illustrations may be found in "The Story of New Zealand,"¹ of which this book is an abridgement, presenting chiefly the political features of said book.

CHAPTER I.

EARLY HISTORY.

We will not, in this volume, consider the early history, except to say in briefest

outline, that the islands were discovered in 1769 by Captain Cook, an English navigator, who found them inhabited by natives, called Maoris (pronounced "Mow-ries"). Missionaries arrived in 1814, but settlements did not begin till 1825; and they did not get really under way till 1840, after which they gradually grew until 1861, when there was a sudden increase in population, owing to discoveries of gold. A full account of the stirring events of this early history is given, with illustrations, in the large book, "The Story of New Zealand," referred to. This early history is not only very interesting, but it is highly important for the best and deepest understanding of later developments; for early colonization, annexation, early troubles and wars with the Maoris, chiefly relating to land titles, the early activities of Gov. Grey, the Constitution, etc., are all involved in the early history, and treated at length in the large book. We must pass all this, except to note as we pass, previous to 1870, the establishing of the Torrens Land Title system, the Telegraph and Telephone, and the Postal Savings Banks, as follows:

CHAPTER II.

THE TORRENS SYSTEM OF TITLE REGISTRATION.

LAND TITLE GUARANTEED BY THE GOVERNMENT.

Easy, Inexpensive, Swift and Certain Transfer.

One land law of this period is so important that it deserves a separate section. It greatly simplified and cheapened the transfer of realty, and replaced the uncertainty of ordinary titles with the certainty of titles guaranteed by the State.

The difficulties and uncertainties surrounding land titles under the ordinary system are very great. It is often necessary to search through many big volumes of deeds and mortgages, and carefully construe the provisions of various wills and conveyances in order to follow the title to its source and form an opinion as to its validity. And after all, the opinion, when rendered, even by the most accomplished expert, may prove fallacious, and the purchaser may lose his land from some defect of title.

In 1860 an act was passed in New Zealand to remedy this condition of things by establishing what is known as the Torrens

¹See "The Story of New Zealand," a magnificent cloth-bound volume of 860 pages, Equity Series, 1520 Chestnut St., Philadelphia. Price, \$3.

system of title registration.¹ Land Registry Offices were established independent of the ordinary registries of deeds and mortgages, in order to register titles instead of evidences of title. *A man may give the registrar his deeds and the names of all persons interested, and the registrar investigates the title once for all. If he finds it valid, he accepts it and registers the applicant as proprietor, and gives him a certificate to that effect.* The registrar keeps the deeds, and other past evidences of title, which are thenceforth consigned to oblivion in the archives of the department. The certificate gives an indefeasible title in fee, subject only to such incumbrances and charges as are entered on the register. All that the intending purchaser has to do is to consult the register, from which he learns at once who is the owner of the land and what burdens, if any, rest upon it. He is therefore able to complete the transaction with absolute certainty. The original proprietor hands over to the purchaser his certificate of title, together with a duly executed transfer, on the production of which to the registrar the buyer is in turn registered as proprietor and holder of the certificate of title. Each transferee, therefore, acquires by registration an independent title on a level in point of simplicity and security with a Government grant.

The Assurance Fund is maintained by a contribution of a halfpenny in the pound on the value of all land brought under the Act upon application of the proprietor. This is really Government insurance of titles, which differs materially, however, from title insurance by private companies as we have it. Under the New Zealand system it is only necessary to insure a

title once,—it is forever after a guaranteed title under the Torrens registration, whereas with us the title must be newly insured at every transfer of it. Moreover, the Government guarantee is much more solid than that of our private companies, which may fail or take advantage of some condition in the policy, and have always the disadvantages of our complex and uncoordinated registration to contend with.

The Torrens method of dealing with titles is admirable for its security and economy. The expense of difficult examinations of title is done away with. No legal assistance or technical knowledge is requisite for the investigation of the title that is registered under the Torrens system.²

CHAPTER III.

THE TELEGRAPH AND TELEPHONE.

Some telegraph lines were constructed by the Provincial Governments before 1865, but nothing was done in a national way until that year, when the General Assembly authorized the Governor to establish electric telegraphs and appoint a Commissioner of Telegraphs to manage them. Existing lines and offices were to be purchased and new lines built and a national system developed. The Commissioner made the regulations, fixed the rates, and employed operators to transmit all messages presented. It was made a punishable offense for any one connected either with the national telegraphs, or those that were the property of the Provinces, to divulge the contents of any message. The telegraphs afterward became a part of the postal system.

The precedent of public ownership thus established naturally led to Government ownership and operation of the telephone when this new means of transmitting intelligence was introduced.

The Electric Lines Act of 1884 provided for the establishment of telephone systems by the Governor, and prohibited any one else from constructing or maintaining for hire or profit any electric line for com-

¹ The substance of the system is simply this: "Any land owner may take his evidence of title to the land transfer office, and, on proving title to the satisfaction of the registrar, who acts on behalf of the State, may have his land registered to him as owner and receive from the office a certificate to that effect. This registration gives him an indefeasible title, and if he wishes to sell he does not have to trace his title beyond the one registration in the land transfer office. The Government guarantees that title. In case of sale, he fills out a simple memorandum of the transfer, and this, with his certificate, is taken to the registrar, who enters the transfer on his book and on the certificate. This completes the transfer and confers upon the purchaser the indefeasible title with the Government guarantee. It is the registration that transfers the title, not the making of the memorandum nor the signing or delivering of any certificate. Wherefore the title may at all times be ascertained by a glance at the registrar's book."

Everywhere it works smoothly, and sales, mortgages and leases are completed in a few moments, instead of hours, days or weeks that were frequently consumed under former methods, and "at a tenth of the cost to a conveyancer's client under the old system." Best of all, "it makes life more certain, and saves worry. No transferee under the Torrens law need lie awake nights in anxiety about his title, for the Government is behind it."

² England passed an ineffective law for Government registration and guarantee of titles in 1862, but, as it frequently cost \$1,000 or more for the preliminary searches, little use was made of the act. In 1897 an effective law was passed. Massachusetts has now an act for the registration of titles which went into effect October 1, 1898. Illinois, Ohio, California, and perhaps other States, have passed similar laws. In Illinois it was held unconstitutional. The system has been adopted in Germany, Switzerland, Austria-Hungary and part of Canada. It began in South Australia in 1858; took root in New Zealand in 1860; Queensland, 1861; New South Wales, Victoria and England, 1862; Tasmania, 1863; West Australia, 1874; Manitoba, 1883; India, 1884; and Massachusetts, 1898.

munication by telephone, except by the sanction of the Government. That is, the telephone was not permitted to become a private monopoly, but was made a public monopoly from the start. It is now a part of the postal system, and the Government is "hello-girl" as well as postman, telegraph operator and banker.

CHAPTER IV.

POSTAL SAVINGS BANKS.

Mr. Gladstone secured the establishment of postal savings banks in England in 1861. Four years later New Zealand adopted the new idea, and since then almost every country in the civilized world, except the United States, has followed England's example.¹

The New Zealand Post-Office Savings Bank Act (1865) stated its object to be: "To give additional facilities for the deposits of small savings at interest and with the security of the Government behind it." The deposits are guaranteed by the Government, and the law secures absolute secrecy by prohibiting the disclosure of the names of depositors, or the amounts deposited or withdrawn.

One of the great advantages of this postal savings system is that it supplies the great mass of the country people and the working classes with the means of

saving and profitable investment, thereby increasing and diffusing thrift and comfort

ENCOURAGEMENT OF THRIFT.

The ordinary banks do not receive small deposits, and private savings banks do not go into the rural districts.² About 470 post offices or practically all the money-order offices in the Colony are open under the postal banking law for the transaction of savings-bank business, while there are but 5 private savings banks in the islands. This is not surprising, for private savings banks are naturally confined to the more important centers where the business is large enough to support a private institution and yield it a profit. The Postal Department has the offices and machinery already in existence, and can receive deposits in the country districts and even make a profit on the business, where private banks established for that work alone would suffer a loss. In New Zealand there is a place of bank deposit for each 1,800 people. In the United States there is one for each 7,650 people. The total deposits in all sorts of banks is \$110 per head of population in the United States, \$125 in Great Britain, and \$140 in New Zealand.

England made her system universal, not only as to localities but as to classes of people, by adopting stamp cards by means of which children and others who must save on the homœopathic plan are able to prepare their deposits a cent or two at a time. This improvement was introduced into New Zealand in 1881.³ The postal banks will not receive less than a shilling at a time, but printed forms are furnished on which stamps may be pasted, one or more at a time until the total amounts to a shilling or more, when the slip can be deposited as cash to the amount of the stamps pasted on it. School teachers are supplied with forms and stamps, and school children can buy a stamp at any time they have a penny, and paste it on a card for the postal fund. The name of the scholar is written on his card and he may take it home to show his parents that he has put the stamps on it. The cards are in the teachers' keeping, and monthly or quarterly a postal clerk visits the schools, gets the filled-up stamp slips,

¹ Belgium, 1865; Italy, 1875; France, 1881; Austria, 1883; Sweden, 1884; Holland and Hungary, 1886; Russia, 1889, etc. It is estimated that there are now about 18,000,000 depositors in Government savings banks, with deposits of about \$800,000,000. The Australian colonies alone have a million depositors, and \$135,000,000 of deposits.

In this country, our great Postmaster-General, Hon. John Wanamaker, for the whole four years of his administration, urged upon Congress the wisdom of using "the postal arm of the Government to assist the people in the care of their small earnings," stating that postal banks were very successful in other countries; were of the greatest benefit to farmers and working people, bringing the means of saving within easy reach of their homes, and that "the effect upon a community of such an encouragement of thrift and good citizenship could not be calculated."

Mr. Wanamaker sent letters of inquiry to the postal departments of nearly all the European powers, and the answers stated that the postal banking system reached the rural districts, which were neglected by the private banks; that the postal banks were universally popular; that there was no opposition to them from private banks, the business of the latter coming from a different class of customers, and increasing side by side with the postal business; that the postal system encouraged thrift among people of small means, who in many cases would otherwise be without saving facilities; that the funds were easily and securely invested, and yielded enough to cover expenses and interest paid depositors (2.5 per cent in England; 2.64 per cent in Holland; 4 per cent in France, Finland and Belgium; 3 to 3½ per cent in Italy; 3.6 per cent in Sweden and Hungary, etc.), and some countries, as France and Italy, for example, reported a profit for the Government above expenses and interest paid depositors.

² There are only 942 savings banks in the United States, to 75,000 post offices. Mr. Wanamaker found "the average distances of savings depositories from the post offices (which are intended to be centrally located) to be as follows: In the New England States, 10 miles; Middle States, 25 miles; Southern States, 33 miles; Western States, 26 miles; Pacific States, 52 miles. These are average distances. In many rural localities the distances are much greater."

³ Belgium, Holland, Finland, Italy, Hungary, etc., have also adopted the stamp slips. Our savings banks ordinarily do not receive less than \$1 at a time.

opens accounts in the children's names in the postal bank, and the children accumulate funds and learn habits of thrift that may be the foundation of character and competence in after life.³

GREAT SECURITY AND CONVENIENCE.

Another great advantage of postal banking, and of all Government banking, is its safety. The postal banks do not fail. No postal bank in any country has ever closed its doors for liquidation, or experienced a run on its funds. New Zealand depositors in Government banks are absolutely safe to the limits of human certainty, while the private banks even in that prosperous country are liable to fail at any time—the biggest bank in the Colony would have gone under a few years ago if the Government had not taken hold of it, and two of the private savings banks have recently become insolvent, leaving only 5 out of 7 formerly in operation, a failure of nearly 30 per cent in two years.

The facilities for withdrawal and transfer of postal deposits constitute a fourth advantage. The postal savings system is a bank with its officers all over the country. Money deposited in one postoffice can be withdrawn at another. This is a great convenience to working people who move from one place to another, and to travelers. For example, if a workman living in Wellington deposits a sum of money in the postoffice there and afterwards moves to Auckland or any other place, the post office will transfer his account to his new home, without the trouble and risk of withdrawal, conveyance and redeposit of his funds. In the case of a private savings bank, the workman must withdraw his deposit, carry it to his new home, and deposit it in another bank, breaking the current of interest and risking loss of the money or draft on the journey.⁴

OTHER ADVANTAGES.

Again, the postal banking system supplies the Government with funds for public purposes without taxation or bonded debts. The deposits are invested in public works and social undertakings—railways, telegraphs, dairies, purchase of land for settlement and rental, municipal

bonds, loans to local bodies, etc. Sometimes in legislative bodies, discussing the establishment of postal savings banks, it has been objected that the money deposited in the postoffice would be withdrawn from circulation, and the Government, if it did not need the fund, would have to pay interest on it without getting any return from it. The fact is, however, in all the countries having postal banks, that the money is not withdrawn from circulation when put in Government hands any more than when put in private banks.⁵ If the Government wants the money it is invested in Government bonds or public works bonds, taking the funds for a public loan from the people's banks, instead of borrowing from private banks or foreign lenders. If the Government does not want the cash, it is invested in municipal bonds, or real-estate mortgages or other good securities. It is not locked up, or idle, or non-productive, but in full circulation and activity and bringing into the Government more than it pays out in interest upon it.

Finally, postal banking has proved to be an important factor in the equalization of wealth, aiding the small beginnings of accumulation at one end, and, at the other or investment end, cutting off a source of speculation and profit for private monopolists by drawing savings deposits into public banks, instead of leaving them to private institutions where they would be manipulated for private gain. The nationalization of banking means the turning of one of the most fertile fields for the growth of millionaires into a rich farm for raising a multitude of well-to-do's. Instead of a few huge trees and a lot of underbrush, we have a beautiful forest grove, with twenty times the timber and a hundred times the developing power of the former flora.

CHAPTER IV.

INDUSTRIO-POLITICAL PROGRESS.

By 1870 New Zealand had subsistence, safety, peaceful relations with the natives, and a good civic organization. It was time to deal with the problems of further settlement, and better communication among the settlements, Immigration and Public Works Acts were introduced and carried by the Treasurer, and under them State railways, roads, telegraphs and water works were built, and large bodies of immigrants brought into the country and settled on the land.

A few years later, when the country was fairly peopled, agriculture reasonably

³ Speaking of this plan, which is highly appreciated by the English people, the *Liverpool Daily Post* says: "The services of the post-office savings banks in the promotion of thrift are universally known, and the fact that the department affords special facilities for the saving of single pennies, no less readily than for the investment of hundreds of pounds, shows how all-embracing is its scheme for helping the people to help themselves."

⁴ In Belgium a depositor may not only transfer and withdraw his deposits at any point, but may make new deposits on the same bank book in any postoffice in the country; and rural inhabitants may hand their deposits to their letter carrier, who pastes a coupon for the amount in the depositor's book and signs his initials to it.

⁵ Not as much, for a Government postal system does not require so large a reserve as the sum of the reserves of a lot of private banks doing the same amount of business.

developed, and the Colony tolerably well provided with railways and telegraphs, and its coasts adequately lighted, vigorous discussion began, under Grey's leadership, of the great social questions that afterwards occupied so much attention.

The national ownership of railways, telegraphs and telephones was not included among these disputed questions in New Zealand, because there was practically no difference of opinion in respect to public ownership of the means of transportation. The first railway was built by the Provincial Government of Canterbury and opened for traffic December 1, 1863. In succeeding years some other lines in Auckland, Otago and Southland were undertaken by the Provinces or by private enterprise backed by the Provincial Governments. This piecemeal construction was slow and disconnected. It lacked unity and strength and was in no way up to the level of the broad ideas of New Zealand's leading statesmen. Accordingly a national railway system was planned and executed with entire success, and from 1870 on, the principle of State ownership and operation of railways has been the established policy of New Zealand. Private enterprise was not excluded, and some company lines were built in later years, but they could not stand comparison with the Government roads, and only two little companies now remain.

The ordinary relations of the State to industry are: 1. *Laissez-faire*: the State may leave the field to private effort unaided and unregulated. 2. *Assistance*: the State may aid the industry by grants of land or money, franchises, rights of way, or other legislative monopoly, or by a tariff on competing imports, etc. 3. *Prohibition or repression*, in case of business deemed contrary to public interest. 4. *Regulation*, which may aim simply to prevent aggression and bad management, or may aim at the development of advantageous methods and forms of organization. 5. *Public ownership*, which may be united with public operation, or with private operation under some form of contract with the Government. In every civilized community all these classes of industry-political relationship are found in varying forms and combinations. The proportion of public ownership and regulation adapted to secure fair play and co-operative conditions, has much influence in determining the character and development of a nation. Early in her history New Zealand made national ownership a strong element of her social system, and the people (experiencing the benefits of public railways, telegraphs, etc., and escaping the dominance of great transportation companies and the vested monopolies, prejudices and habits of thought

fostered by them) have developed with comparatively little hindrance from the adverse interests and ideas that prevail in *laissez-faire* countries.

CHAPTER VI.

THE PUBLIC WORKS POLICY.

However, previous to 1870 New Zealand's roads and bridges were very insufficient, and there were few telegraphs and scarcely any railroads—only some infantile affairs put through by three of the Provincial Governments and amounting all told to less than 46 miles of railway in a country nearly twice the size of New England. The body politic was ill-supplied with arteries and nerves.

In 1870 Sir Julius Vogel, Treasurer of the Colony in the Fox Cabinet, proposed to devote 10,000,000 sterling (nearly \$50,000,000) in the next ten years to railways, roads, telegraphs, water works¹, and land purchase, and the encouragement of immigration and settlement on the public lands. Large tracts already owned by the State, or to be purchased by it, were to be reserved along the line of the railways as a public estate, to facilitate settlement and secure to the State, through future sale or lease, the great increment of values that would result from railway building, thereby recouping to the Colony a large part or perhaps the whole cost of the roads. As the railways would pass through private lands as well as public, and would as a rule increase the value of all lands on or near the lines of communication, Vogel asked for power to levy a special tax on persons specially benefited by the construction of railways. This he thought would prevent "indiscriminate scramblings for railways" by residents of different sections, and was only a fair adjustment of cost at any rate.

The Fox Government of 1869-72 had two great objects: the establishment of permanent peace with the natives, and the renewal of colonization. The public works policy was in aid of both purposes, and was adopted and pushed by the Premier as an effective means of promoting settlement and developing industry, and indirectly of finally settling native difficulties, by helping to modernize the Maoris, and by opening up the country to white civilization and making it too strong for native attack.

The land reservation and betterment tax element of Vogel's plan met with so much opposition in Parliament that they had to be given up to save the measure. The vastness of the undertaking for a colony of 250,000 people, and the size of the debt it would create, also awakened severe criticism, but the principle of

¹ To supply water to the gold fields.

national construction of railways, telegraphs, etc., was heartily endorsed on all sides, and after a stormy debate on methods and consequences, etc., the bill was enacted. The Immigration and Public Works Loan Act of 1870 authorized the borrowing of £4,000,000 in England or elsewhere, to be used as follows (translating pounds to dollars at the round rate of \$5 to £1):

For Railways	\$10,000,000
Assisting immigration ...	5,000,000
Roads	2,000,000
Water works	1,500,000
Purchase of land.....	1,000,000
Telegraphs	300,000
Unapportioned	200,000

Besides this the Public Works and Immigration Act of the same year (1870) authorized the Governor to use 2,500,000 acres of land in the way of grants in compensation to contractors for constructing railroads, and to make money payments and guarantees for railways to the extent of \$27,500,000, in addition to the \$10,000,000 from the loan act. According to the data of the Official Year Books the lands may be fairly estimated as worth about £1 to £2 per acre. The total value of the appropriations of land and money therefore amounted to \$60,000,000 or \$70,000,000, which for a community of 250,000 was a bold bid for development; *equivalent in fact to an appropriation of \$18,000,000,000 or \$20,000,000,000 for public improvements in the United States to-day, or enough to buy up all the railroads and telegraphs in the country, clear out the slums of our giant cities, irrigate the thousands of acres of arid lands, and colonize the needy in co-operative settlements to the mutual benefit of themselves and the commonwealth.* So far as I can discover, however, no Treasurer or Congressman has advocated or suggested the spending of even a tenth of such a fund for any such public-spirited purpose.²

The New Zealand loan was made. Bonds went over the ocean to England,

² And it must be remembered that the loans and appropriations of 1870 for public works and immigration, large as they were, represented only the prelude, the curtain raiser for the act that has occupied the last thirty years. The General Assembly has authorized loans for the same purpose, amounting to:

1873	\$13,700,000
1874	20,000,000
1877	11,000,000
1879	25,000,000
1882	21,000,000
1884	7,500,000
1885	8,000,000
1886	6,600,000
1896	5,000,000
1899	5,000,000
1900	5,000,000
1901	6,200,000
1902	8,750,000

Besides smaller sums in intermediate years,

and railroad material with assisted English immigrants—a stream of blood and iron—flowed into the Colony in return. Sir Julius sent word to the Agent General in London to forward 50,000 immigrants in 6 months. They came by the shipload. They were settled on the land or given employment on the public works. Roads and bridges, railroads and telegraphs and water works were built by the State, and the first great move in the material development of New Zealand was accomplished.

Including the reservation of lands along the railroads as a public estate for future sale or lease, and the placing of a betterment tax on private lands opened up, the public works policy proposed by Sir Julius is regarded as one of the wisest, justest, most far-sighted plans that has ever been devised for the development of a new country. The progressive building of railways, roads and telegraphs, year after year, and the introduction and settlement of selected immigrants would build the Colony and its industries, while the public control of land along the railways would recoup the debt and hold speculation in check. The defeat of the land plan, however, necessitated borrowing for what would otherwise have proved largely or wholly self-supporting, and it also frustrated full realization of the anticipated conduct of progressive colonization along with the progress of the railways.

REJECTION OF VOGEL'S LAND RESERVE AND RECOUPMENT PLAN AND THE RESULTS.

The reason for the opposition to the public-reserve and land-increment part of the Treasurer's scheme, whereby the rise of land values due to settlement and public improvements would have inured in large part to the benefit of the public, is not far to seek. New Zealand was still divided into non-adhesive districts or "Provinces," which were really little states with Lilliputian Parliaments, making laws and owning in some cases large areas of valuable lands. These Provinces wanted to keep their lands, and the members of the Central Government or New Zealand Parliament, tho divesting themselves of "party" influence, allowed their local interest and prejudices to override

and numerous appropriation acts in addition to the loan acts; 22 construction and appropriation acts from 1870 to 1884, and one every year from 1887 to 1895, inclusive, etc., etc. Altogether, \$163,000,000 of loans have been spent in carrying out the public works policy from 1870 to April, 1902, besides the land grants and appropriations from revenue, which run the total above \$200,000,000. In the last ten years about \$16,000,000 have been paid out of revenue to the public-works fund, and the total expenditure on public works from national funds, including loans, has been \$56,000,000 in the same time. In 1901-1902, \$2,500,000 went to public works firms revenue, and the total State expenditure in the direction was \$11,700,000.

the national advantages and stood against the Vogel land proposal.³ This left the Provinces their lands (for 6 years more), but spoiled the land element of the public works policy, and changed Sir Julius from the friend to the enemy of the Provincial system, which led to its downfall a few years later.

The result of rapid railway building without the safeguards proposed by Vogel was that speculation absorbed large profits and increments of value that should have been devoted to colonization and the railway fund. Many miles of railways and roads were constructed, and the population rose 70 per cent from 1871 to 1878. To make matters more acute the prices of wool and wheat had risen. Farmers were known to buy land at \$10 an acre and within 12 months make a net profit of \$25 an acre on their first wheat crop. Good prices and the rapid opening up of the country through immigration and the construction of public works, raised the value of land. Men bought land and sold it on a rising market.⁴ Speculation grew hot. Men borrowed money at high interest to buy land or go into business. But commercial depression came. The prices of wool and wheat fell. The value of land dropped. The boom burst. Thousands who had borrowed money could not meet their obligations, and at foreclosure sales and by private contract year after year large masses of property gathered in the hands of money lenders and wealthy landowners.

In contemplating the speculation, debt, difficulties of settlement, etc., that accompanied the building of railways in the seventies the following facts cannot be

too strongly and persistently impressed upon the mind: (1) That an imperfect land system and the rise and fall of prices in Europe were joint causes with railway building; (2) That similar troubles have been experienced in other countries during times of rapid railway development, both under public and private enterprise,—speculation, collapse and even panic of the most disastrous character following rapid railway building in the sixties and early seventies in the United States under the best capitalistic system in the world; (3) That there is no watered capital in the New Zealand roads,—for every dollar of railway debt there is more than a dollar of railway property, which is more than can be said of our capitalistic system; (4) That the roads are not operated for private profit, but for the benefit of the public without discrimination as to persons or places; (5) That, altho local jealousies caused some trouble in the early days, and it is possible also that New Zealand lost something in energetic initiative and mechanical superiority by adopting public instead of private railways (the latter point being vigorously disputed, however),⁵ yet it is clear that she has escaped the almost uncontrollable aggregations of railway wealth and power evolved by the capitalistic system, and New Zealanders think it better to have freedom and pure government in the people's interest than the mechanical advantages, if any, that could possibly come with private railways—better for the Government to own the monopolies than for the monopolies to own the Government—better for the people to own the Government and the railways, than to let the private railways and the

³ Under the provincial system New Zealand was not so much a nation as a federation of little settlements, and the Representatives at Wellington were not so much New Zealanders as Aucklanders, Nelsonites, Canterberries, men of Otago, etc. The vigorous local life developed by provincial institutions was in itself of the highest value, but it created a little of the narrow spirit that kept the Greek states and Italian cities in heated enmity, made the real union of the Swiss cantons so difficult and interfered so seriously in early years with the federal organization of our own states. Few things are harder than to keep true balance between the allegiance due to family, locality, state, nation and humanity.

⁴ Smart men bought fertile or well-situated blocks, and sold them at a good profit. So men less smart began to buy pieces less fertile and not so well situated. Pastoral tenants pushed on the process of turning their leaseholds into freeholds. So rapid did the buying become that it grew to be a feverish rush of men, all anxious to secure some land before it had all gone. In Canterbury, where land was sold at \$10 an acre, with no restrictions as to area or conditions as to occupation or improvement, speculation was specially rife,—hundreds of thousands of acres were bought each year. The income of the little provincial council rose to \$2,500,000 a year. The country road boards hardly knew how to spend their money. In 1879 commercial depression came. Prices were falling. The output of gold had diminished also. Too many people had borrowed money to buy land or establish specu-

lative enterprises. Interest had climbed to extravagant heights. The boom collapsed. In some districts three-fourths of the land owners and business men were ruined. Those who had burdened themselves with land bought wholly or largely with borrowed money nearly went down. Some were ruined quickly; others struggled on to fall later in the period of downward prices that afflicted the world till 1894. (See "The Long White Cloud," by W. P. Reeves, pp. 325-331.)

⁵ Many New Zealanders believe that private enterprise has shown, and would show, less initiative and mechanical perfection than public enterprise, and point to the comparative records of the public and private railways in that country, which certainly tend to substantiate the claim. The railway service in New Zealand is inferior to that of the United States, but the railway service in Great Britain and Italy is still more inferior in many respects, tho they have private railways. There is a mixture of causes. America leads the world in mechanical perfection, not only in respect to railroads, but in many other industries that are private in all the countries named. In comparing the railways of two nations, a given superiority of one service may be due to national difference in mechanical advancement, and not to any difference in the system of ownership. This complication is avoided by comparing public and private railroads in the same country. And in New Zealand, where the two systems have operated side by side, both the service and the initiative of the public railroads has proved superior to the private.

monopolies they create get possession of the Government and the people; (6) That after an experience of over 30 years the statesmen and people of New Zealand, rich and poor, liberal and conservative, are substantially a unit in favor of national railways, and no proposition to turn the railroads over to private corporations would stand the slightest chance of acceptance; (7) That the difficulties experienced in New Zealand were not neglected nor endured in apathy, but grappled with in a way that led to a politico-economic development hitherto unparalleled; and (8) That the public works policy as proposed by the statesman who conceived it, and as it would probably have been adopted if the suggested referendum to the people had been resorted to, was clearly proof against all the principal difficulties so far as the public works had anything to do with them. The subsequent course of events has fully justified the claim that if the land proposal of Sir Julius had been passed large profits from the rise of values would have accrued to the public, the enrichment of the State treasury would have more than covered the millions borrowed for public works and immigration, and the government would have been able to control the rush for speculative investment, instead of leaving it to run the course of extravagance and reaction it always takes when left to itself. Sir Julius foresaw all this, and if his full plans had been adopted the country would have been developed without delirious speculation, and with a public profit greater than the cost. Even as it was, and after all deductions have been made on account of debt and speculation, the fact remains that the prosperity and civilization of the Colony are largely due to the public works policy begun in 1870 and continued to the present day as a fundamental element of the New Zealand system, and probably the most important single element in it. Mr. Reeves says: "In 1870 the colonists were without the conveniences and in many cases comforts of modern civilization. They had scarcely any railways, few telegraphs, insufficient roads, bridges and harbors. Education was not universal, and the want of recreation and human society was so great as to lead notoriously to drunkenness and coarse debauchery. New Zealand is now a pleasant and highly-civilized country. That she has become so in the last thirty years is due chiefly to the public works policy."

CHAPTER VII.

GOVERNMENT INSURANCE.

The same year (1870) in which the Australian ballot was adopted and the Public Works Policy initiated, a Govern-

ment Life Insurance Department was established under a law enacted in (1869) by unanimous vote of the Assembly.

The philosophy of this new departure was very simple. The purpose of insurance is the diffusion of loss. Instead of allowing a loss to fall with crushing weight on one individual or family, it is spread out over a large number of stockholders and premium payers. If it is a good thing to distribute loss over a few thousand people who hold stock in a given company or pay premiums to it, it is still better to distribute the loss over the whole community. It is also wise to eliminate the expenses and profits of insurance so far as may be, and put the guarantee of the Government behind it, so that it may reach as many people and afford as much security as possible.

The department was popular from the start. By the last report (1901) it has 42,570 policies, covering \$51,000,000 of insurance, or practically half the total business of the Colony. The Government office has beaten the private companies in fair competition. It has a much larger business than any of the companies and almost as much as all the ten companies put together.¹ Two American companies, the Equitable Life and the New York Life, have been in the Colony fifteen and thirteen years, respectively, and have now 717 and 139 policies, against 42,570 Government policies.

Their total insurance is \$1,750,000, against the Government's \$51,000,000. The only company that comes anywhere within gunshot of the Department is the Australian Mutual Provident Society, with 26,000 policies and \$35,000,000 of insurance.

The Government bureau employs paid canvassers, has handsome offices and issues attractive and skilfully-worded circulars and advertisements to invite the patronage of the people. It pays taxes like a private company, and pays for its postage and telegrams also. The Government rates are lower than the premiums charged by private companies, but neither the Government nor the companies make any effort to run each other down by cutting rates, and the main elements of competition are in the conditions in and behind the insurance.

REASONS FOR THE POPULARITY OF PUBLIC INSURANCE.

The people prefer the Government insurance:

(1.) Because of its safety—it has the guaranty of the Government behind it.

¹ This refers, of course, to the ordinary life insurance business. There are 21,000 policies in industrial societies which are not included in the regular life insurance statement.

It is in no danger of vanishing through insolvency, as ordinary insurance does now and then.

(2.) Because of its cheapness. The rates are lower than in ordinary private companies.

(3.) Because of its freedom from all oppressive conditions, and, in fact, from practically all conditions of any sort. A prospectus of the department says:

"The Government Insurance Department's policy is practically free from conditions of any kind, except the payment of premiums as they fall due. The desire of the department is to grant to everyone the freest form of policy compatible with sound and prudent management. Improvements have been adopted from time to time as they have been found to be safe, with the result that the policy contract is now practically free from all restrictions, with the single exception, framed in the interest of public policy, that the Commissioner may declare the contract void if the assured commits suicide within six months of date of entry."

The premiums must be paid and the assured must not commit suicide within six months after the insurance is taken out,—that's all. The policy is world-wide. The assured may go where he will and do what he likes,—get himself shot in battle, smoke cigarettes, drink ice water and eat plum pudding, or commit suicide in the ordinary forms after six months, and the money will still be paid to his relatives.

Even the condition as to payment of premiums is not the cast-iron arrangement it often is with us. If a man fails to pay the department his premium when it is due, he does not lose his insurance. The Government pays the premium out of the surrender value of the policy and continues the insurance in force, and will do this over and over again, as long as there is any surrender value left. In a recent Year Book I find the following passage concerning this admirable non-forfeiture system of the Insurance Department:

"Whenever a policy-holder is so unfortunate as to be unable to pay his premium, the officer looks after his interests and advises him without fees or fines of any description. An account is opened in connection with the overdue policy, which is automatically kept alive as long as the surrender value is enough to pay a quarter's premium. The policy-holder is, of course, debited with interest on the premiums overdue, but he is kept insured as long as his account is in credit, for the department does not seek to make any profit whatever out of surrendered or lapsed policies. During the last year twenty-nine overdue policies fell in by the deaths of the persons assured under them, and though on many of them not a

penny of premium had been paid for six or eight years, the premiums as they fell due had been deducted by the office from the surrender values, thus enabling the department in one year to recognize claims on twenty-nine overdue policies to the amount of \$40,000 exclusive of bonuses."

The Australian offices generally make some provision for non-forfeiture, but the New Zealand Department claims that its system affords the policy-holder the utmost liberality.

(4.) It is co-operative. The profits of the business go to the insured. They are divided triennially. Five divisions of profits have been made, the total returned to policy holders being about \$35,000,000, which in the case of a private stock company would have gone to the making of millionaires.

NON-ALCOHOLIC INSURANCE.

There is a Temperance Section, established in 1882, in which total abstainers are insured in a group by themselves—a mutual society of non-drinkers with their own bonus. At one time it seemed as tho the profits of the Temperance Section were going to be larger per capita than in the general business, but later divisions of profits leave the matter in uncertainty. It is the settled opinion of the insurance world, however, that temperate persons are longer lived and constitute better insurance risks than drinkers.

LOANS AND INVESTMENTS.

The Government will loan money on the policies at 6 per cent. below \$500, and 5 per cent. beyond that sum.

The funds of the department are invested in mortgages on real estate, municipal bonds, good securities, and loans on policies.

In post offices, where so much of the business of New Zealand centers, notices like this are posted:

CHEAP MONEY IN SUMS OF ONE HUNDRED POUNDS TO TEN THOUSAND POUNDS.

The Government Life Insurance Department has Large Funds Available for Investment at Exceptionally Low Rates of Interest.

The Department Loans on First Mortgage of Desirable Freehold Securities up to Three-fifths of Their Value.

Valuations and Legal Expenses are Fixed by the Department and are Kept as Low as Possible.

Intending borrowers should apply within for forms of application and for all particulars.

GOOD MANAGEMENT AND GREAT SUCCESS.

The department is free from any taint of spoils, and even the competing private insurance companies admit that it is well-managed. The democracy has put experts in charge of the business and kept them there, and they have made the institution a complete success.

CHAPTER VIII.

THE PUBLIC TRUST OFFICE.

The Government is the Citizen's Lawyer.

Besides the Public Works Policy, the Ballot and State Insurance, New Zealand owes still another important institution to the genius of Sir Julius Vogel, namely, the Public Trust Office, established in 1872.

The purpose of this is to serve at cost as executor, administrator, trustee, agent, or attorney in the settlement and management of the property of decedents or others, who, for any reason, are unable or unwilling to care for it themselves; to insure honest administration and safe investment; to provide for a wise discretion that may avoid the difficulties and losses incident to a strict fulfillment of wills and trusts imperfectly drawn; to give advice and draw up papers, wills, deeds and other instruments for the people in all parts of the Colony.

A will, deed or instrument in which the Public Trustee is to be appointed executor, agent or attorney, will be examined in the Public Trust Office free of charge. In this way ambiguities and deficiencies may be discovered in time to correct them. Any one making a will may deposit it in the Public Trust Office for safe keeping, and such deposit of a will insures that it shall be forthcoming on the death of the testator. The person, having made his will and put it in the hands of the Public Trustee, may also desire, while yet living, to be relieved of the care and management of his property; and if so, he may turn the estate over to the Trustee at once.

In the very large number of cases where persons die without a will the Public Trustee administers the property, unless those interested in the estate appear in court and make a different arrangement. People making wills may leave their property in the same hands. An executor or administrator who falls ill, or finds the trust inconvenient, may turn it over to the Public Trustee. Widows or heirs who do not wish to manage the property left them may put it in charge of the public office. Anyone who is going abroad, or has property too far away to be easily managed by him, or who desires for any reason whatever to put his property into the hands of a competent and responsible agent, may appoint the Public Trustee his agent or attorney.

Any property can be vested in the Public Trustee upon any trusts defined in the deed creating the trust, and the income from such property can be applied as may be desired and directed. When a grant is made by the State under the Civil Service Law to the widow or family of some public employee who dies in harness, the amount is placed with the Public Trustee for the use of the beneficiaries. If any one goes crazy, the Public Trustee takes care of his property; in fact, 90 per cent of the estates of all the lunatics in the Colony's asylums are in his hands. If an individual, an association, a city, or the public in general, desires to establish a fund in aid of the victims of a conflagration or mining disaster, or for any other charitable or public purpose, this universal agent of the people will take care of the fund and administer the trust.

In the administration of statutory trusts the Public Trustee renders very valuable and important services to the Colony. It is clearly of great moment to the public that the administration of these funds and properties should be such as to leave no doubt that the directions of the trust will be faithfully observed. If a court of justice needs to appoint a trustee, the best of all possible trustees is ready in the Public Trust Office.

INTEREST IN THE GOVERNMENT GUARANTY.

On capital funds in the hands of the Public Trustee and available for investment at his discretion, the department pays interest at a rate to be determined from time to time by the Government. You do not have to wait for your interest until the Public Trustee has invested your capital. Interest begins at once, just as if you had made a deposit in a savings bank. The rate of interest at present is 4 per cent on sums up to \$15,000, and 3½ per cent above that. This is credited quarterly free of all office charges of the Public Trust Office, and is compounded for six years. After that, only simple interest is paid.

In respect to such capital funds, the department states that the Government guarantees you:

1. Against loss from delay in the investment.
2. Against loss from investments in bad or insufficient securities.
3. That the interest shall be regularly and promptly paid, free of all charges.

DISCRETIONARY POWER OF THE PUBLIC TRUSTEE.

Perhaps the most interesting characteristic of the office is the large discretion given the Trustee, whereby he may use his judgment and even his heart to correct deficiencies and omissions in the instruments under which he acts, in order to accomplish justice and do what the maker

of the will or deed may be supposed to have intended, or what he ought to have intended.¹ Private trustees are not, and could not expect to be, clothed with such discretionary powers. They are tied down to the strict fulfillment of their trust and of the law.

There are now (1902) over 3,000 estates in the hands of the Public Trustee, with a value of \$12,000,000, and the investments of the office amount to more than \$8,300,000—equivalent to 300,000 estates with over \$1,000,000,000 of value, and \$800,000,000 of investments for the United States if we had a Public Trust Office here, with a business in the same proportion to population as the New Zealand office.

NO DEFALCATIONS OR DISAPPEARANCES.

This Trustee never dies or runs away, never mistakes the trust funds for his own, never speculates or endangers the property of his wards, never becomes disqualified or involved in private quarrels, and never makes any but the most moderate charges,—barely enough to cover the actual cost of the service. Add to all these advantages, the facts: that the Public Trustee has more experience and wider discretion than any other trustee in the country; that through his 33 agencies and the Post Office he is all over the Colony at once, and is ready for business any day his services are needed; that the strong light of public criticism in which he works insures a careful and conscientious fulfillment of his obligations; and that the guaranty of the Government is behind his transactions, the State being responsible for his conduct and for all properties placed in his hands; and you will gain some idea of the value of this novel institution.

CHAPTER IX.

ABOLITION OF THE PROVINCES.

In spite of the ease with which New Zealand's Constitution can be modified, it worked so well that no substantial change was made for 22 years after its establishment in 1853, the first amendment being the act abolishing the provinces, passed in 1875, to take effect in 1876.

New Zealand was not settled from one center, but from several foci. The settlements at Wellington, Auckland, Nelson, New Plymouth, Canterbury and Otago

were quite distinct, and the means of communication were very poor, so that there was good reason for the establishment of provincial governments in these districts at the time of the Constitution Act. As the country filled up, however, these local parliaments became unnecessary, cumbrous and expensive, and the opposition to them intensified. Their civil, religious, industrial and social estrangements and jealousies hindered all uniform legislation. Their educational systems were inefficient, and the land laws were chaotic. When Sir Julius Vogel proposed his National land policy in 1870, provincialism prevented its adoption. Sir Julius determined to abolish the provinces and appealed to the old Centralist Party that had always opposed the provincial idea, and to the new settlers who thought it nonsense for a colony of less than 500,000 people to have 9 parliaments (3 new provinces had been formed) besides its central government. Some provinces, moreover, that had little or no land revenue were jealous of those that had large incomes.

Sir George Grey, the great Governor of early years to whom New Zealand owes her Constitution and many other public utilities, was living the quiet life of a private citizen when Sir Julius Vogel made war on the provinces. Grey came out of his retirement to fight for the provincial parliaments. The provinces were his creation, his own political children, and he considered them a pretty good family. He believed in the decentralization of power, and thought the provinces useful to the cause of local self-government and especially valuable as a means of educating men for the wider sphere of national politics. There was force in his arguments, but the matter was strongly contested—local self-government could be attained through municipal organization, and the provinces, it was said, were unnecessary, costly and really an element of weakness.

The discussion grew very warm, as I presume it would here, if a proposal were made to abolish the State governments of Maine, New Hampshire, Vermont, Massachusetts, Rhode Island and Connecticut, and consolidate New England under one government. The disadvantages of merging Massachusetts with Maine and Connecticut would be earnestly dwelt upon on one side, while on the other it would be argued that there is really no sense in a little farm like Rhode Island, with only 1,000 square miles in it, having a State Government all to itself. If a similar plan of division were followed throughout the United States there would be 3,000 States in the Union. Colorado has just the same area as New Zealand, or nearly twice as much as the whole of New England, and California is a good deal bigger than Colorado,

¹ A man carrying on a sheep ranch in New Zealand died in the busy season of the year. The person named as executor in his will was in Scotland. By the ordinary law, no one had a right to do anything with the estate, except the executor or some one with power of attorney from him. But neither the executor nor the power of attorney could reach the Colony for months, and for the business to stop would mean enormous loss. The Public Trustee took charge of the ranch and carried on the business so successfully that when the executor came from Scotland there was little left for him to do.

and Texas more than twice as large, yet we would think it very undesirable to have either Colorado or California or Texas divided into 8 or 9 States with 8 or 9 Legislatures instead of one.

The Anti-Provincialists won; the provinces were abolished; the land passed to the Central Government; and the administration of local affairs was given to local boards and municipal councils. The consolidation of New England would be less than two-thirds the size of this New Zealand merger in respect to area, but fifteen times as large in respect to population.

CHAPTER X.

THE RISE OF LIBERALISM.

Abolishing the provinces gave the Nation a unity and solidity that did not exist before. The Nation could now proceed with the solution of National problems without the interference of local interests and jealousies.

Land speculation in early years had led to a grievous condition of land monopoly. The monopolists were fortified in their position by multiple voting by the rich, and property franchise qualifications which prevented the poor from voting at all.

Sir George Grey was defeated in his battle for the provinces, but having come from his seclusion out into public life again he was ready for other conflicts. He was a believer in democracy; and he saw that the land monopolists could not be dislodged without a revision of the franchise laws in the direction of pure democracy. The rich land proprietors must be limited to one vote, and the right to vote must be given to poor men. Grey and his lieutenants, Stout and Ballance, pressed home the question: "Are the holders of unimproved and in many cases unused lands entitled to the increased value arising from the Government construction of railways and the settlement and improvement of the country by the hard labor of the colonists?"

This new Liberalism, opposition to land monopoly, and favoring one-man-one-vote, appealed to the masses of the people, and the rise of political parties dates from Grey's appeal for democracy in 1876. He became Premier in October, 1877, but he had not sufficient support in Parliament to realize his liberal plans, but some good work was accomplished, and since then his ideas have been more than realized, as we shall see later.

One far-reaching step that the Liberals succeeded in making at this time (Nov. 29, 1877) was the establishment of a National system of education to take the place of the piecemeal work of the prov-

inces. The bill provided for a free, secular, compulsory system of common schools, under which, in point of education of the masses, New Zealand has come to rank among the most advanced countries of the world.

The Grey administration also passed a land-value tax, by which all improvements (buildings, drainage, etc.), were exempted from taxation, also exempting all owners of land value up to \$2,500, placing all land tax upon owners of land value above that amount. This alarmed the land monopolists and leagued them together for the defeat of Grey, which they accomplished in 1879, aided by the fact that the rich had a number of votes in proportion to property holdings, while the poor had no votes at all.

The Conservatives promptly abolished the distasteful land-value tax, and re-enacted the property tax. However, as we shall see, the land-value tax and exemption of small holdings came to stay in later years.

However, the thought and feeling set in motion by Grey compelled the Conservative administration in 1879 to grant every male resident, over 21 years of age, the right to vote, regardless of any property test. This was another far-reaching Liberal victory, tho won under a *Conservative administration*.

CHAPTER XI.

VILLAGE SETTLEMENTS, AND STATE FORESTS.

The speculator is ever alert and omnipresent. He is ever ready to seize lands of rising or prospective values, and the result is always land monopoly. New Zealand has been no exception to this rule. The story of the struggle of the masses of the people of New Zealand for the soil is interesting and instructive, but too long to enter upon here. For these particulars we will have to refer the reader to the large book.¹ But we will here mention an interesting novelty in land settlement, called Village Settlements.

The bad years 1885 and 1886 filled the streets of New Zealand towns with idle workmen, and the Minister of Lands, John Ballance, did his best to put the unemployed, with their families, on the soil. He put his village settlement plan in execution, placing idle labor on idle land with government loans to help the settlers build their homes and clear and plant the

¹ "The Story of New Zealand," 860 pages, handsomely bound in cloth and fully illustrated. Price, \$3. Equity Series, 1520 Chestnut St., Philadelphia.

land.² In various parts of the Colony blocks of public land were taken and divided into holdings of 20 to 50 acres, and parties of 6 to 30 settlers were sent out to occupy them. The allotments were not given or sold to the village settlers, but let to them on perpetual lease at a rental equal to 5 per cent on the prairie value of the land, which was usually £1 an acre. Once in a generation the rent was to be revised. Under Ballance's regulations the settlers were aided by a two years' postponement of their rent, and by advances up to \$350 each,³ \$250 to enable the settler to buy seed, tools, food, etc., with \$100 more to help build a house. Thus many destitute families were comfortably settled in homes of their own, and altho Ballance was fiercely attacked in 1887 for his experiments, and some of the settlements failed, others were successful, and the country recognized the value of the plan, and since the Liberal Labor Party came into power it has been established on solid foundations.

About 2,200 selectors settled in Ballance's villages. Ballance went out of office in September, 1887, and his successor did not encourage village settlements. Selectors were allowed to buy the fee simple of allotments and some 20,000 acres of the settlements have passed in this way into the hands of 3,000 purchasers. In 1902 there were 2,000 village settlers holding 42,000 acres, and with their families numbering about 5,500 souls. But this does not tell the whole truth, for Minister McKenzie, who became Minister of Lands under the Ballance Government in 1891, carried on with renewed energy the planting of idle work-

men on the land in slightly different forms, making the holders of "improved farms," tenants of "repurchased estates," etc., and, including all settlements that really belong with the "villages" whatever the name of the holdings, we find in 1902 over 5,000 tenants in such settlements, or about 20,000 people in all.

STATE FORESTS.

Great nations have vanished from the face of the earth as a result of ruthless destruction of forests. Ancient Babylonia is an example, and Spain and Italy are suffering from the same malady. A young country is wise to recognize the climatic value of forests before it is too late. This New Zealand has done.

The splendid forests of New Zealand had for years been subject to a rapid process of destruction by forest fires and commercial vandalism. It became evident that the supply of timber would not last many decades if something were not done to check the wastes and losses. Moreover, the rainfall and river sources of wide districts were being seriously affected and in many places on the mountain slopes where the soil was thin the removal of the trees left it at the mercy of the storms, which washed it away, leaving the rocks entirely bare, undoing in a few months the whole results of nature's soil-building carried on through ages of the past.

To stop these evils a Forest Act was passed in 1885⁴ to provide for the reservation of State forests and the control and management of them by the Government.⁵

⁴ Forest Trees Planting Encouragement Acts had been passed in 1871-1872-1879, and Canterbury had a Planting of Forest Trees Ordinance as early as 1858, but neither these nor the Forest Act of 1874 had proved sufficient to meet the situation. A few reckless years of lumbering can easily destroy centuries of Nature's handiwork, especially if a fire gets loose in the forest now and then and spreads its ruin in the woodland.

⁵ In the United States the same reckless destruction of forest growth has taken place, and for the most part is still in progress. Congress, however, has shown a disposition to do something in the matter, and in 1891 a law was passed authorizing the President to set aside national forest reservations to conserve our valuable woodlands and protect the head waters of our rivers.

Some reservations have been made under this law, and the Secretary of the Interior has been authorized to manage and control the National Forests; protect them against fires and depredations; establish such service as is necessary to regulate their occupancy and use; preserve the living and growing timber, and promote the younger growth. The Secretary may sell the dead or matured or large growth of trees. The foresters and employees are to be appointed wholly for fitness, without regard to political affiliations.

These provisions for national ownership and operation of forest land are excellent, but as yet very little has been done to bring our forests under their protection. The original forest area of the United States was 2,968,700 square miles. The present forest area is only about 500,000 square miles, and less than one-twelfth of this has been reserved under the above legislation.

² The village settlement plan was first outlined by the Hon. Wm. Rolleston, Superintendent of the Province of Canterbury, 1868 to 1876 (afterwards Minister of Lands in the Hall Government, 1879-1882, and still later Conservative leader of the Opposition in Parliament, 1891-1893). He began the village settlement system in Canterbury in 1874. In the early years of the public-works policy there was some difficulty in finding employment for the Vogel immigrants coming into the Province, and, in answer to a delegation of the unemployed, Rolleston laid out a programme for village settlements, with help from the Treasury for building homes, etc. On the line of railway, or near it, blocks of Government land were laid off in sections varying from 1 to 5 acres. Assistance up to \$50 for each settler was given towards the erection of a small cottage. The occupation was rent free the first year, afterwards 50 cents a week. A number of the settlements were not intended to be permanent, and have long since disappeared. In other cases the land was sold to the settlers on the deferred-payment plan. Little or nothing was done to extend the village system from 1876 to 1886, when the new movement began under the law of 1885 and the liberal regulations of Minister Ballance.

³ This new and important feature introduced into the village-settlement scheme by Minister Ballance afforded a settler \$12.50 loan on each acre up to twenty, besides \$100 for a dwelling. The settlers paid 5 per cent interest on these loans.

The preamble states the purpose of the law as follows:

"Whereas, it is expedient to make provision for setting apart areas of forest land in New Zealand as State forests, and to subject the same to skilled management and proper control in order thereby to prevent undue waste of timber, and to provide timber for future industrial purposes, and to provide for the proper conservation of climatic conditions by the preservation of forest growth in elevated situations; Be it enacted, etc."

The law authorized the Commissioner of State Forests to establish schools of forestry and agriculture, grant licenses to cut timber and take measures to preserve and improve the forests of the Colony.

The Government in recent years has shown an ever-increasing interest in the preservation of the forests and the planting of trees. In the financial statement presented to Parliament, July, 1902, the acting Premier said:

"In pursuance of the decision of the Government that the remaining areas of forest in the Colony should be conserved and dealt with in a systematic manner, the Government have under consideration the whole question of how best to deal with this important matter. Special attention is being given to the reservation of all forest upon the mountains and higher tablelands to insure the maintenance of rivers and streams, the gradual distribution of rainfall, the protection of the surface of the country from degradation, and the prevention of the destruction of lands in the valleys or their deterioration by the deposit of detritus, whilst maintaining the climatic equilibrium, protecting the native flora and fauna, and doing all that is possible to preserve the beautiful scenery for which the Colony is famed. On a smaller scale scenic effect is being attended to by the reservation of forest lands in gorges and on river banks and the higher portions of the Colony, so as to preserve all places of natural beauty which serve to make New Zealand attractive, especially from a tourist point of view. . . . The Government also has in contemplation a large expansion of tree-planting operations; and it is fortunate that we possess a large area of land in the central district of the North Island which, though not well adapted for agricultural and pastoral purposes, is believed, as the result of trial plantations, to be well suited to the growth of vast forests of specially selected and valuable trees."

CHAPTER 12.

PREVENTION OF CRIME.

Politics and sociology are twin brothers; in fact they are one and the same, for it is

impossible to tell where one ends and the other begins. When we realize that the word "politics" comes from the word "policy," and is only the discussion and determining of the best *policies* to be pursued for the benefit of society, and that sociology is the study of society, we see that they are really one and the same. One of the early questions that arises in any society is the treatment of criminals, particularly young criminals. New Zealand early took enlightened views of this question.

In 1886 New Zealand adopted the principle of conditional probation for first offenders, which has been tried in this country with such great success.¹ Instead of sending the offender to prison, the judge may release the erring one on condition of good behavior. A probation officer investigates the character and offense of every one arrested for a first offense, to see if the accused may reasonably be expected to reform without punishment. If this appears likely, the offense not being a heinous one and the previous character being fair, the officer recommends probation to the Court trying the case, and the Court may adopt the suggestion if it thinks best. The released offender is assisted, encouraged and watched over by the probation officer, to help him live an honest and useful life. If he does well, he is finally discharged. If he does not do

¹ Probation has been practiced in Boston nearly a quarter of a century, a law providing for it having been passed in 1878. Over 90 per cent do well and are discharged, and only 6 or 7 per cent prove incorrigible. After the plan had been in operation ten years the Roxbury Inspector said in his report: "Probation has saved many of both sexes from exposure, shame and loss of situation in cases where they had committed their first offense, and not only saved them for the time being, but for all time."

The indeterminate sentence that has produced such astonishing results in the Elmira Reformatory, New York, is also worthy of the attention of progressive nations. The length of residence of the convict is left to the decision of the management. He is treated as a moral patient, to be built up into an honest, self-supporting character as rapidly as possible, chiefly by teaching him how to work and showing him the value of labor by adjusting comfort and rewards to the degree of industry and skill he manifests. When his record indicates that he is fit for citizenship in free society, he is released, but is on probation for six months, being kept under close supervision till he has proved himself worthy of absolute freedom.

There is a maxim of law to the effect that every one is to be deemed innocent till the contrary is proved. When the contrary is proved and a person is convicted of unfitness for civilized society there should be a companion presumption that would deem him to continue unfit till he demonstrated the contrary. We would not confine a tiger, or a bear, or a leper, for one year or two years and then let him out again to prey upon or contaminate society; and such a course is no wiser with those who manifest a criminal nature—all such undesirables should be kept beyond power of harm till tamed or cured.

In the history of development, criminal law begins with vengeance and punishment, and ends with love, reformation and prevention.

well, he may be rearrested and sentenced.³ The plan has proved excellent. Four years after its adoption, when its effects were well tested, the Inspector of Prisons reported:

"As regards the First Offenders' Probation Act, I cannot speak too highly of its usefulness, and I have no hesitation in stating that many a young and thoughtless offender has been rescued from a career of crime through its intervention. The act works smoothly and satisfactorily and is proving year by year one of the most useful measures ever passed by any legislature."

In the report of 1901 the Inspector, after stating the results from the start, sums up as follows:

"From the foregoing it will be seen that 83 per cent have done well, while only 2.41 per cent have eluded the vigilance of the probation officers and absconded. These statistics speak for themselves and show that the probation officers, who do the work gratuitously, have carefully inquired into and made judicious recommendations in the majority of cases, and are deserving of commendation."

"The results prove beyond doubt that the Probation Act, which puts first offenders under a term of surveillance that is calculated to give them an extra incentive to good behavior, and to check predilections that might end in a career of crime, is satisfactorily attaining that end. A probationer has ever before his mind the inevitable consequence which will ensue should he deviate from strictest rectitude of conduct during his probation, while he is not in a position to be contaminated by the evil associations which are almost inseparable from a prison life. The State is relieved of the expense of his support, and there is much more inducement to return to the paths of honesty and industry than there would be were he under bars and bolts inside the walls of a felon's cell; and lastly, he is not branded as a 'jail-bird.'"

³ The details of the principal provisions of the act may be of interest to the reader. If the charge is murder, attempt to murder, rape, robbery, burglary, corrosive fluid throwing, extortion, coining, placing an explosive to endanger life or property, or an offense attended by irreparable or serious consequences, and either endangering life or indicating, in the opinion of the court, an established criminal intention on the part of the accused, the act does not apply; such crimes are "not within the meaning of offense as used in this act."

If the case is not within the excepted list of heinous crimes, and the previous character of the offender has been good, no indictment or conviction against him in the past, and the probation officer thinks the interests of the public and of the offender would be subserved by putting him on probation, the officer makes a recommendation to that effect to the court which tries the case, and, upon conviction of the offense charged, instead of sentencing the prisoner to punishment, the court may release him on probation for such term as it deems best, not exceeding the longest term for which sentence could be imposed.

The ordinary plan of imprisoning young offenders with hardened criminals is like taking people who have caught cold, or got a mild case of measles, and boxing them up with a lot of consumptives and small-pox patients. Crime is a disease coming usually from infection.

In our own country, juvenile offenders in our large cities are now usually placed, by the juvenile courts, under the surveillance of probation officers, and thus much crime is prevented, young offenders being turned back into the paths of rectitude instead of continuing in a downward course.

CHAPTER XIII.

DIRECT NOMINATIONS, QUESTIONING CANDIDATES AND VOTING BY MAIL.

In earlier years nominations even for Representatives were made and seconded vocally at an assembly of the voters of the district. But since the Act of September, 1890, Representatives are nominated by petition in writing, signed by two or more voters of the district and transmitted with the candidate's assent and a \$50 deposit to the Returning Officer, who immediately publishes the names of the candidates. Each candidate must be nominated on a separate paper, which must be transmitted to the Returning Officer at least 7 days before the polling day. The candidate may send his assent to the Returning Officer by mail or telegraph, or affix it to the nomination paper. The deposit of \$50 that must accompany the nomination petition is held till after the election, and if the nominee does not get one-tenth as many votes as the lowest successful candidate the money is forfeited to the public treasury. This shuts out frivolous and trifling nominations.

The conditions of probation are: (1) That the probatee must report himself where directed within 24 hours after liberation; (2) that he must report in person once every month, unless the officer authorizes a report in writing; (3) that he must reside (i. e. sleep) at the address notified to the officer; (4) that he must get his living by honest means, approved by the probation officer in charge of the case, and (5) that if he changes his address he must give the officer 48 hours' notice.

At the end of the term of probation, if all the conditions have been fulfilled, the probatee or convicted person is discharged as if he had served out a sentence.

If the conditions are not complied with, re-arrest and sentence may follow.

Any person arrested and committed for trial for a non-heinous offense, and not able to give bail, may be released on probation, as above, while awaiting trial. This is one of the most beneficent provisions of the act, imprisonment pending trial being in many cases a greater iniquity than that perpetrated by the unfortunate (and perhaps innocent) prisoner.

The nominations are in the simple form: "We, the undersigned electors for the Electoral district of _____, do hereby nominate R. J. S., of _____ (residence and occupation) _____, with his consent, as a candidate at the election of _____ member of the House of Representatives for the aforesaid electoral district."

If no more candidates are nominated in the district than there are places to be filled, the nominations are regarded as satisfactory all round and the candidates are declared elected without a ballot. This saves the trouble and expense of a poll where the people are united. In the general election of 1899 there were three districts out of 62 in which there were no competing nominations, and R. J. Seddon, J. McKenzie and W. R. Russell were declared elected without a vote, each being the only nominee in his district. If more candidates are nominated than the number of Representatives to be chosen by the district, a ballot follows.

HEARING AND QUESTIONING CANDIDATES.

The nominations are usually made some time before the voting day, and the candidates go about the district and meet and address the electors in all parts of it. No candidate would stand any chance of election who failed to give the people he wished to represent an opportunity to get acquainted with him and ask him questions about his attitude on issues likely to come before the next Parliament. By the time election day arrives every voter has had a chance of hearing the opinions of all the candidates on all questions of public interest involved in the election; and has had an opportunity of asking in public meeting any question he likes, and of judging the ability, honesty, motives, and general character of the candidates by their answers.

The voters use these privileges with earnestness, endeavoring to select the best man to represent their district, carry out their principles and guard their interests.

NO BOSS OR MACHINE, CAUCUS OR CONVENTION, PARTY FUND OR PARTY BALLOT.

There is no boss or party machine to nominate and push the election of men who will act as tools of the combine. It is a rare thing for any one from outside the district to interfere, by an address or otherwise, between the candidates and the people, and then only in the case of some large and burning issue. There is no organized party, except in Parliament. There are no spoils of office and no party funds. The voters investigate and discuss men and issues on their merits, and when they go to vote each one is given a ballot which is simply a list of the candidates in

alphabetical order without description or comment to indicate that they belong to any party¹ or possess any particular views, and the voter strikes out the names of all the candidates he does not wish to vote for, leaving only one name on the paper, except in the four city electorates, which have three members each and every elector may vote for three candidates.

It is impossible to overrate the importance of this system of direct nominations and non-partisan elections. It enables New Zealand to put her best men in Parliament. There is no complaint that men of high character stand aloof from politics because its odor is not good, or that such men cannot be elected because they are unwilling to be the tools of the machine. The Parliaments of New Zealand are made up of men who may fairly be deemed to represent the best characteristics of the people. In local government direct nominations prevail in America wherever the New England town meeting is in vogue, but in state elections our people have long since lost the privilege of direct action,² and the caucuses and conventions that have taken its place have proved to be excellent inventions for preventing the free choice of candidates by the people and securing the mastery to party leaders and bosses who know how to fix the slates.

VOTING BY MAIL.

Seamen, sheep shearers and commercial travelers registered in any district may get an "Elector's Right" or certificate of registration from the registrar, and can then vote from any part of the Colony by letter.

A commercial traveler, for example, applies to the Postmaster at any post office, presents his certificate and gets a ballot paper filled up by the Postmaster with the names of the candidates in the applicant's district. The postal voter then marks the ballot and mails it. The Postmaster notes on the voter's certificate the fact of the exercise of his franchise, and each day from the issue of the writ to the closing of the poll the Postmaster telegraphs to the various districts how many ballots have been asked for and the numbers of the Voting Rights used. Seamen apply to the Collector of Customs at any port of the Colony and go through similar actions.³ This saves the ballot to many who might otherwise frequently lose it, because their business calls them much from home.

¹ In Massachusetts and California the candidates for each office are arranged alphabetically, but the party is designated. In Denver's new home-made charter, it is provided that ballots in city elections shall be simple alphabetic lists of the candidates, without party designation.

² A revival of direct action is taking place under the recent primary election laws of a few States.
³ See Election Act 1890, seamen. The Electoral Act 1893, commercial travelers. No. 54 of

CHAPTER XIV. MONOPOLY, FALLING PRICES, HARD TIMES.

In a new country, almost entirely agricultural and pastoral, land is the chief form of wealth—the chief means of production. Bargaining with the natives and cheap land regulations in the early times, and the failure to adopt and maintain the vital elements of the land proposals of Vogel, Grey and Ballance, gave the speculators and monopolists ample opportunities to corner the soil, and they improved their chances with a vigor that made the land situation in New Zealand more severe than it has ever been in Europe or America. By 1890 the concentration of land ownership had reached an astonishing pass. More than 80 per cent of the people had no land—only 14 per cent of the white population were landholders,¹ and less than 3 per cent of the landholders or $\frac{1}{3}$ of 1 per cent of the people, owned over half of the areas and values in the hands of the people, while a little more than 1 per cent of the landowners possessed 40 per cent of the realty values. Six companies, having estates of 150,000 acres or more each, held 1,321,000 acres of real property worth \$13,000,000.

Nearly 4-5 of the land possessed by white holders was in the hands of monopolists and speculators—12,000,000 acres in big pastoral leases and 10,500,000 acres out of the 19,500,000 that had been alienated.² More than 7,000,000 acres of freehold and 3,500,000 of leasehold, including much of the best land in the Colony, were held by 584 owners, none of whom possessed less than 5,000 acres, and whose average holding was about 12,000 acres of freehold and 5,800 acres of leasehold, or a total of 17,800 acres apiece.³ This was exclusive of the great pastoral leases the right to the fee simple of which had not been parted with by the State.

the same year, shearers, and No. 49, 1896, sheep musters.

By No. 1,701 of the Acts of Victoria for 1900 anyone who resides 5 miles or more from the nearest polling booth, or who has reason to believe he will be 5 miles away from it on voting day, may apply for a postal ballot and vote by mail. New South Wales also has voting by post.

Such a plan in our own country would not only be of benefit to commercial travelers and seamen and workmen away from home, but would save the exodus from Washington due to office holders going to their various States to vote.

¹ Only 7 per cent of the people had 1 acre or more each, and only 6 per cent owned 5 acres or more apiece.

² Census of April, 1891.

³ The larger part of this aggregation of land in few hands was effected prior to 1878, the result of selling land cheaply, without limitation of holding or seeing to the use a man made of his purchase, or establishing any progressive tax or other preventive of monopoly. The concentration of land, however, the moving more slowly in later years, was still in progress, and from 1887 to 1890 speculation and monopoly building were specially favored.

Of these big run holders, 13 had 165 runs covering 2,541,000 acres, with nearly 1,000,000 sheep, but very few human inhabitants. The conflict between the settlers and the big Crown tenants was no longer the hottest part of the agrarian controversy. The passing of vast areas of the more tempting and better-watered pastures into the hands of great freeholders had shifted the heart of the battle. The old antagonism was diverted to the freeholders, and well it might be, with 7,000,000 out of the 12,500,000 acres of freehold locked up in the hands of the 584 monopolists above mentioned.

Taking all titles it is said that 1,615 landholders had 18,000,000 acres; 107 persons owned land of the value of \$35,000,000, and 11 holders had land worth \$24,000,000. This in a nation of 626,000 people, with only \$450,000,000 of realty, land, buildings and improvements all told, was certainly an enormous concentration of landed wealth.

Thousands of acres were kept in idleness, unimproved and held only for speculation, and other thousands were occupied by a few sheep, while multitudes of men were without homes or land on which to raise a subsistence. Would-be settlers, in search of homes and farms, would pass here a tract of 75,000 acres of the best land with a population of only 29 men, women and children; and there another tract of 250,000 acres of good land with only 63 people. There were already more farmers in New Zealand who were tenants than farmers who were free from the private landlord, and the majority of those who owned their lands were under the yoke of the mortgage—58 per cent of them were mortgaged so heavily that their interest was equivalent to a rack-rent. The tenants also were paying ruinous rates. Mr. McKenzie pointed to places in his own district where tenants were paying rents at the rate of 250 per cent on the price paid the government for the land. Such tenants in good seasons could just pull through; bad seasons meant ruin for them and the tradesmen and business people dependent on them.

For twenty years and more the land question was the matter of chief moment in the Colony's politics. Franchise extension, labor laws, liquor, and finance have occupied front seats at times, but the land question has been the burning and persistent issue in Parliament since 1882, and the paramount subject of discussion among the people since Grey's campaign in 1876. Yet so powerful was the influence of the land monopolists that nothing substantial was accomplished till after the flood tide of Liberal Labor ballots had swept them practically out of politics.

Besides the land monopoly, a money ring, timber ring, shipping trust, and

other combines, were developed in New Zealand, and in addition to all this, producers were crushed for many years beneath the growing pressure of falling prices. The almost continuous fall of prices in the world's markets from 1870 to the middle of the last decade, sent wave after wave of depression throughout the civilized world, and tho New Zealand fared better than many countries, her people suffered much. The cultivators raised more and more produce, but they got less and less for it. Rent and interest stayed where they were, while prices fell, and the mortgaged farmer and the merchant doing business on borrowed capital could not meet their liabilities. Many were the failures and many the men thrown out of work. "The workingman able to get neither land nor work had to become a tramp. The roads were marched by sturdy men crowding in from the country to the cities. There were problems of strikes, unemployed in town and country, overcrowding, dear money, idle factories, stagnant markets and unjust taxation." The uncivilized Maoris who owned New Zealand before the white man came, held their lands in common and worked them for the common benefit, so that no one was ever in want; but civilization had put the land in the hands of monopolists, and left every man to look out for himself, so that many were landless and in want.⁴

The Hon. R. J. Seddon (now Premier) thus describes the condition to which things had come: "We had soup kitchens, shelter sheds, empty houses, men out of work, women and children wanting bread. This was how we found New Zealand in 1890. It was to be a country where the few were to be wealthy and the many were to be degraded and poverty-stricken." There was plenty of idle land, abundance of idle capital, and quantities of idle labor, but these three factors of production could not be brought together because of monopoly—monopoly of land, monopoly of capital, and monopoly of government by the land and moneyed interests—the greatest monopoly of all. The harder the times and the more the laborer needed work, the harder he found it was to get it; and the deeper grew the necessity of farmers, merchants and manufacturers for money, the more difficult it was to secure and the higher the rates of interest soared. When times were good and the farmer

could easily meet his obligations, interest was low and prices high; but in periods of distress when a little money was a matter of life and death, prices went down and interest went up like a balloon. And strangest fact of all, the common people held in their hands, the whole time, an easy remedy for all these ills, through the use of their powers of direct nomination and the ballot.

CHAPTER XV.

THE POLITICAL REVOLUTION.

A NEW FORCE IN POLITICS. ORGANIZED LABOR AT THE BALLOT BOX.

Farmers and Workingmen Uniting for the Election of Liberal Representatives After Defeat of the Workingmen in a Great Strike.

CAPITAL WON THE STRIKE, BUT LOST THE ELECTION.

The year 1890 was the focal point of many powerful influences.

First: The feeling that something was radically wrong, induced by the growth of monopoly and the experience of industrial depression in a young and vigorous colony, had been intensified to the bursting point of political action by the knowledge that the Colony had lost population—one of the greatest calamities that could befall it, for population is the life blood and the salvation of a small colony in a big country, especially where there is a large debt. From 1885 to 1890, twenty thousand people left New Zealand; that was the excess of departures over arrivals in that time. Depression aggravated by a large decrease of expenditure on public works, together with the accumulating difficulties that confronted a poor man seeking to build a home and support himself on the land, resulted in a large migration of the laboring classes. It was not a fitting of travelers to visit other lands and then return. It was a transportation or transplantation of homes. The pressure of land and money monopoly with falling prices and discouraged industry reached such a pass that the tide of population turned, going out instead of coming in. The unemployed problem rose to the overflow, and working people went overseas from a population of 600,000 in a land where 20 millions and more could live in comfort under just conditions. A country easily capable of sustaining more than thirty times the population it possessed, witnessed the astounding spectacle of an exodus of vigorous and industrious people because they could not get homes or work.

Second: Ideas of land nationalization, the rights of labor, government aid to the unemployed, abolition of private monopoly, political and industrial equalization,

⁴ The tribal territory was the property of all. Fishing, fowling and agriculture were the work of the community for the benefit of all. The tribes were organized and disciplined communes. No unit or family could starve or lack shelter; the humblest could count on the most open-handed hospitality from his fellows. The chief was not a despot, but the president of a council. The system in full working order developed the finest race of savages the world has seen." (Reeves, New Zealand, pp. 25, 26.)

etc., had developed to the motor point in a people of high intelligence and boundless energy. The seeds sown by Vogel, Grey, Stout, and Ballance, had found good soil, and the crop was ready for harvest. Events year after year had emphasized and enforced the teachings of the Liberal leaders. Ballance's land-value tax had shown the farmers that exemption of improvements would be a great relief to all but the wealthy owners, and his settlement policy had shown what could be done in the way of placing idle labor on the land. Hundreds of workmen living in soup kitchens and shelter sheds, while millions of acres of splendid land lay idle in the hands of monopolists, was not a sight to quiet the nerves. The working people made New Zealand rich, but the best lands were in the hands of absentees, and not merely absentees, but absentee corporations, who did not put a stroke of living work into the country, and had bought their holdings for a song. A wave of socialistic and labor sentiment swept into the nation from Europe and America. Henry George made a lecture tour in Australia in the early months of 1890, and the air was full of the landtax and the ringing claim that labor produces all wealth and therefore should have it all.

Third: The Trade Unions had developed as strong an organization as the circumstances of so new and rural a nation would permit. Years of patient labor had been devoted to the extension and solidification of the movement in Australia and New Zealand. The Unions contemplated both industrial and political action. The men were prepared to stand together for the rights of labor in conference and contest with capital, and at the ballot box.

Fourth: The utter rout of the labor forces in the great maritime strike of 1890 drove the Trade Unionists to the ballot, not merely with a keen desire to offset their defeat by political successes, but with a feeling that the ballot was the last resort and the only sure reliance for a peaceful solution of their difficulties.

Fifth: John Ballance, the leader of the Liberal party in Parliament was a man of high character and vigorous mind, who had won the confidence of the farmers and workmen. Ballance and his colleagues and followers had always been friendly to labor and had stood with George Grey in the effort to widen and equalize the franchise, and secure an equitable land policy. Here was a ready-made Party, therefore, with which the labor organizations could throw in their lot, with a reasonable certainty of fair treatment.

Sixth: The tax laws were very unjust to the small farmers and traders. Improvements were taxed, so that a farmer who

cultivated and developed his estate had frequently to pay four and five times the tax that was levied on unimproved land. The monopolist holding land on speculation paid little. The farmer clearing, building, and planting paid much. This taxing of farm improvement was exceedingly unpopular amongst the smaller farmers. They felt bitterly that for every year's hard work improving their little properties their taxes were increased at the next assessment, while the speculator's tax remained the same. Manufacturers and merchants also found the tax unjust. It hit them as hard in bad years as in good. The man whose property brought him in nothing paid as much tax as the man whose property was remunerative, and the professional man paid nothing no matter how large his income. The unjust discriminations of the propertytax were thorns in the sides of multitudes of farmers and merchants and manufacturers. Feeling ran high against land monopoly, higher still against absentee ownership, and highest of all against the propertytax, while underneath, less noisy but hardly less vigorous than the land question and the tax, were the claims of labor, with an undercurrent of feeling that swept everything before it in the unions.

Add to all this the fact that the election of 1890 was the first election of Representatives under the combination of a practical manhood suffrage and the one-man-one-vote principle, with direct nominations and the alphabetic ballot, and you have a searchlight on the situation.

Such were some of the principal causes of the great success of the Liberals, with the aid of the Labor vote, in December, 1890: a success which placed the Government in the hands of the Representatives of the common people, and amounted in fact to a Revolution that has swept away old laws and institutions and placed the Colony in the lead of the world's political development. Best of all, the transformation gives every promise of permanence, as the Liberal-Labor people have gained the victory now in four triennial contests, winning the successive elections with increasing majorities till at the last election (1899) the Opposition "sank a hopeless wreck beneath the waters of New Zealand politics."¹

INFLUENCE OF THE GREAT STRIKE.

Before describing the campaign of 1890 one or two misconceptions must be mentioned. The failure of the Australasian

¹ Since this was written news has come from the fifth triennial, the election of November 25, 1902, with another overwhelming victory for the Liberals.

strike² of 1890 is frequently stated as the sole or the chief cause of the political movement of that year. This is not true. The failure of the strike was only one of many influences and not the fundamental cause.

It hastened, solidified and intensified the political action of the workmen, no doubt, but did not originate it. Before it took place, New Zealand politicians knew the labor organizations were coming into the field. It was not the sole nor perhaps the chief cause of their taking to politics as they did, and even if it had been it would not follow that it was the chief cause of the political overturn, for that was not mainly a Trade Union movement, but an agricultural uprising. What is ordinarily called "Labor" is strong in New Zealand, but the farmers are still more powerful. The labor vote rendered

excellent and needful service, but the overwhelming mass of Liberal votes were rural—the avalanche was agricultural. "It was the country people who won the day," says an eminent New Zealander, "and the farmers have been the mainstay of the movement ever since."

UNION OF THE WORKINGMEN WITH THE LIBERAL FARMERS AND TRADERS AT THE POLLS.

Again it is said that the workmen formed a Labor Party and elected Labor candidates. This also is a mistake. Not only was no distinct Labor Party formed, but there was no attempt to form one. More could be accomplished by uniting with the Balance Progressives who were in sympathy with labor.³ The unions saw this and joined hands at the ballot box with the small farmers and traders to elect men pledged to the interest of the common

² The Australian strike of 1890, which involved New Zealand with all the colonies of Australia, was a struggle between the Trades Unions and the shipping and wool interests. From 1882 to 1886, owing to bad seasons and commercial depression, the shipping industry met with reverses, which, at the Conference of 1886 between the companies and the men, induced the shipowners to propose arbitration in respect to the reduction of seamen's wages from \$34 a month to \$27. The men replied that they could not live on less than they were getting, and refused to arbitrate the question of their starvation. In the years following both owners and men sought to build up a strong federation for the conflict they felt sure would come. The union movement was earnestly pushed among the other classes of workmen in Australia, and with such effect that the Chairman of the Sydney Chamber of Commerce said, in July, 1890: "The federation of labor in the Australian Colonies has, after years of patient effort, been accomplished."

The immediate causes of the rupture in 1890 were: (1) The dismissal of a ship's fireman, Morgan, who was a delegate for his union, and who had served the same company ten years, which, however, refused either to reinstate him in his old place or give a reason for his dismissal. (2) The demand for higher wages by the ship officers, who were supported by the seamen's unions. (3) The resolution of the wharf laborers and other unions, backed by the Central Trade and Labor Council, not to handle non-union wool. It is likely that the second head reveals the underlying cause of the trouble. The shipowners were determined not to tolerate the affiliation of the union of steamship officers with the Trade and Labor Councils and the Federated Seamen's Union. Unionism was getting too aggressive for the company, and it was ready for the fight.

The extension of the battle to New Zealand was really brought about by the steamship company. The steam coasting trade of the Colony and the trade between its ports and Australia were, as they still are, mostly in the hands of one corporation, the Union Company. The seamen in its employ were a fine body of men, and were well treated and did not wish to fight. The Maritime Council of New Zealand (consisting of branches of the Australian Union) did its best to avoid trouble, and when the wharf laborers refused to unload one of the Ship Owner's Association steamers the Council promptly offered that the seamen should work the vessel. But the next time the wharf laborers refused to work, instead of applying to the Council as before, the company's agent employed non-union laborers, altho he had notice that such action would cause trouble. The company in effect declared that it did not intend to regard the rule as to non-union men, and that the time to fight the thing

out had arrived. With both sides eager to involve the New Zealanders, this action of the company, added to the pressure of sympathy, carried the conflagration across the 1,200 miles of ocean and set New Zealand aflame. The public was furious at the needless entanglement, and clerks and professional men took off their coats and worked as laborers on the wharves unloading ships, but no private action could do more than slightly palliate the paralysis.

The strike ran from July 8th to October 31st, and involved substantially the whole labor interests of Australia and New Zealand. On the one side the employers claimed the right to manage their business without dictation, and the right of free contract with individual workers, union or non-union, on any terms that might be agreeable to them. On the other side, questions of fair wages, the right of the men to combine and the recognition of the unions were involved. Unionism was on trial.

The capitalists had plenty to eat, could find plenty of idle men to take the places of the unionists, and for the most part had the press and the Government with them, and they won. Even the great public, whose sympathies are always with good wages and fair treatment of labor, could not but recognize that a strike which paralyzed for months the business of a continent was not a good way to settle the questions at issue.

The defeat of the men was complete, both in Australia and New Zealand, but the unions took their defeat philosophically, and in New Zealand, through alliance with Progressives of all classes, won a far more than compensatory political victory the same year. The workers went peaceably to the ballot box and elected men who would use the powers of government to attain more just conditions for the laboring classes. The Trade Unionists of New Zealand had already determined to do this before the strike, but that was a vigorous stimulant. The course of events in New Zealand was affected more or less by two noted strikes—the English dockers' strike of 1888 and the Australian maritime strike of 1890. But neither the London battle nor the Australian contest did more than emphasize and invigorate causes already at work. The people were saturated with discontent, and it only needed a little industrial friction to ignite the charge. The strike of 1890 was the match that set fire to the powder and brought on an immediate explosion.

³ In Australia, where no such satisfactory party was ready and waiting for the unions, Labor Parties were formed; the strongest organization being developed in New South Wales, where the workmen in 1891 elected 35 out-and-out Labor Representatives in a Parliament of 141 members. Their wily opponents, however, brought up the issue of free trade and protection, that has been used so often in America to split the labor vote, and the new party divided at the very start. A

people. New Zealand is the only Australasian colony in which a separate labor party was not established, and it is the colony in which the greatest results have been achieved in the interests of labor. At the elections of 1890 and following triennials no attempt has been made to reserve the labor vote for workmen or candidates belonging exclusively to trades unions. Of some 20 members who owed their return in 1890 chiefly to the labor vote, only 5 were workmen, and the labor members of the House have not been more than 5 or 6 in any Parliament since.⁴ Farmers and professional men have the largest representation (40 out of 70), and commercial interests (merchants and agents) come next with 15, while 7 are "gentlemen settlers," and 3 are contractors.

The reader must not make the counter mistake, however, of supposing that the labor vote is not a powerful factor in New Zealand politics. In many districts the working people hold the balance of power, and a candidate cannot be elected who is not satisfactory to the labor organizations. They question candidates and vote for those who accept the Union or Labor principles. In fact, the labor vote has far more weight than if a separate labor party had been formed, for then there would have been three sorts of candidates in the field, Liberals, Labor candidates, and Conservatives. The division of the Liberal and labor forces would in a number of cases have let the Conservatives in, and the Unions would have had no special claim on Liberal members in Parliament for the consideration of labor measures. *Not party organization, but alliance, and independent voting, direct nominations, and questioning of candidates, have been the secrets of progressive victory in New Zealand.*

quarter of the labor members deserted the Ministry for the sake of the tariff. The other members understood the principle of variegated fusion, and voted with one party for protection to get the one-man-one-vote law, and voted with another party for free trade to get the land tax.

In 1898 the Labor Party had 19 members in the Parliament of New South Wales, and in 1899 a prominent labor member declared that the Ministry was absolutely dependent on the labor vote. By giving their support to an enlightened government they have helped to put a number of progressive measures on the statute book, mostly imitations of New Zealand's laws after they have proved their success. But the New Zealand workmen, acting with the farmers, without a separate labor party, have secured far more than any labor party has yet been able to obtain in any country. "How far the labor element is from anything like real control in New South Wales," said Mr. Lloyd in 1900, "is shown by the fact that the Government does not recognize the unions even of its own employees."

An excellent account of the labor parties of the Australian States and their platforms will be found in Reeves' *State Experiments in Australia and New Zealand*. Mr. Lloyd's *Newest England* also contains luminous matter on this topic, and Walker's *Australian Democracy* touches the subject with that author's usual clearness and brevity. On p. 262 he says: "They (the work-

THE CAMPAIGN.

Land, labor and taxation were the absorbing topics of discussion in the campaign of 1890. The unhappy condition of labor, wage abuses, non-recognition of unions and resistance to just demands of the workers, the problem of the unemployed, the soup-kitchens and shelter-sheds, the streets full of tramps and the exodus of able-bodied, industrious citizens from a country not yet populated to 3 per cent of its capacity, the failure of the great strike, and the possibilities of the ballot as a last resort to win redress for labor, were subjects of vital interest to the whole people.

So with the land monopoly, which as we have seen was even more intense in New Zealand than in England, Ireland or the United States. The large estates were called "social pests," obstacles to industry, barriers to progress. "The curse of the country is the companies holding large estates; the companies do not die, and there is no provision to compel subdivision." The large estates were held responsible for the ruined industries caused by the depression that had shadowed New Zealand for a dozen years. The land system was a detriment to the State and an injustice to individuals, especially injurious to the most important class in the community, the settlers. The farmers and working people had developed the resources of the country and given the land all the value it possessed, yet the land and its value belonged in large part to a few monopolists, while the people who created the values had little and in many cases none of them. Absentee landlords and foreign corporations grew rich with the unearned increments resulting from the building of railways and other public works. Rents and interest were up in the

ingmen of Australasia) have realized since 1890 that for the furtherance of their aspirations the strength of their unions should be devoted mainly to the promotion of the representation of labor in Parliament." The great strike and subsequent events have "intensified the conviction that strikes should be superseded by the ballot box."

⁴See Beeves' statements in *The Long White Cloud* and in *State Experiments in Australia and New Zealand*. In the latter work, Vol. I, pp. 76 and 87, he says: "The number of labor members returned in New Zealand was but five, and they did not attempt to form a separate party. But fully twenty Progressives were generally pledged to the Labor Program, and most of the party owed their election to the labor vote. . . . Nothing could have been less theatrical than the entry of labor into the New Zealand Parliament. To all appearance, it merely meant that half a dozen quiet, attentive, business-like, well-mannered mechanics took their seats in the House of Representatives. The labor members did not increase in numbers, nor did they supply the Progressives with a policy. But the organized support which they and their unions gave the Progressive leaders made all the difference. . . . They were sober, punctual in attendance, painstaking in the study of their business, and at first at any rate, mercifully inclined to brevity of speech."

air, while prices were trailing in the mud. Industrial depression shut down on income, but the land monopoly and the money ring claimed their tribute just the same. The wealth produced by farmers and workmen went overseas in rents and profits to idle spendthrifts who had investments in New Zealand and held paper titles to thousands of acres bought for almost nothing. And to cap the climax the tax laws threw the main burden on the small farmers and producers, discriminating most unjustly against industry and enterprise and in favor of speculation and monopoly.

If a man improved his land up went his assessment. Where he paid £1 while his land was unimproved, he had to pay £4 or £5 or more when he cleared the land and put it in seed and built a house on it. The settler building a house and barn and making other improvements found his tax higher than those of the neighboring owner who had bought his land on speculation and let it lie idle and unimproved. The settler's labor and improvements added value to his neighbor's land, yet the settler had to pay his own fair taxes and the speculator's too. The property tax put a premium on idleness and speculation, and a penalty on industry and improvements. Producers were fleeced and speculators were enriched.

The property tax was crude and oppressive in every way. It taxed a man as much when he made nothing as when he made much. It taxed men who were losing money as much as those who were getting large profits. Enterprise and energy were dampened by a system that taxed a man as much when going behind as when prosperous—if his venture were not a success the taxes would ruin him.

While idle, unimproved land paid only a fraction of the tax on improved land, an idle building paid as much as a building in use. Taxation of unprofitable buildings and machinery and unsold goods, made the merchant or manufacturer pay over and over again on property that brought him nothing through no fault of his own. The law made the farmer and business man pay on experimental improvements even tho the experiment proved a failure and the money was hopelessly sunk. It crippled the mining industry by its annual demand for tribute on investment, whether profitable or not. It further discouraged enterprise by putting a tax on new industries before they began to yield a return. Professional men, whose capital was in their earning power, escaped taxation altogether, while the farmer had to pay not only his own share and the speculative monopolist's, but the lawyer's, doctor's, teacher's, preacher's, salesman's, and general manager's also.

There was an outcry from the small farmers and business men from one end of the country to the other, and the changes were rung on the unjust discriminations and inherent iniquities of the property tax in every district in the campaign of 1890, along with vigorous dissertations on the rights of labor, the right of the people to the soil, the evils of absenteeism, and the innate depravity of private monopoly in land.

The election took place December 5th. On the 6th it was clear that the Liberal leader, Ballance, would be the next Premier. The Conservatives held on long enough to get the Governor to appoint seven members to the Upper House⁵ and then retired. A few weeks later, in New Zealand's summer (January 24th) John Ballance became Prime Minister with a Liberal-Labor House behind him.

Only twice before in its history had the Colony seen a Liberal Ministry in office—Sir Geo. Grey's Cabinet of 1877-9 was thoroly Liberal, and the Stout-Vogel Ministry of 1884-7 had a good deal of Liberalism in it, but neither of these Ministries had a Liberal House behind it. When, however, John Ballance, the author of the land-value tax of 1878, came into power, backed by a strong majority in the House, and by the labor unions and the mass of small farmers and traders throughout the Colony, the days of Conservatism were over.

CHAPTER XVI.

THE LIBERAL GOVERNMENT.

The new Government came in with a mission to check monopoly, stop the movement to concentration of land ownership and turn the tide the other way, secure just taxation, encourage industry, and use the power of government in the interest of the great mass of the people instead of favoring a small class of monopolists as had been the rule in preceding years.

The Ballance Ministry¹ and the Liberal Majority behind it in the House adopted

⁵ Premier Atkinson had himself and other leading Conservatives appointed to the Upper House. The Liberals denounced this transfer of the beaten Conservatives to life memberships in the Council as a fraud on the Commonwealth. A bill was introduced in 1891 to conceal the seven appointments, and Sir George Grey favored it, saying: "A great crime has been committed; a great wrong has been done" by the old Ministry in deceiving the Governor into thinking the seven appointments were in harmony with the Government when the Ministry knew it must resign. Ballance, however, thought there was a better way, as we shall see, and the bill, after being reported from committee of the whole, appears to have been dropped. (N. Z. Hansard, Vol. 72, p. 427).

¹ To fill the chief positions in his cabinet, Premier Ballance chose as Minister of Public Works the Hon. Richard J. Seddon, an invincible friend of the common people, and a man of great executive power and tremendous energy, who has

a policy tending to equalize conditions, tax the rich instead of the poor, favor industrious farmers and workers of small means rather than heavy capitalists, give the advantage to manhood rather than money, make it as easy as possible for industry and economy to accumulate a competence, and as difficult as possible for exploitation to accumulate a fortune by the labor of others, bring land and capital within the reach of all on reasonable terms, teach the people coöperation in industry as well as politics, and perfect the machinery of democratic government in the elections, and the House to represent more truly, and carry out more fully, the will of the people. Such was the spirit and purpose of the new management, and its efforts and accomplishments have been in harmony with these liberal motives.

MODIFYING THE SENATE.

A Seven-year Term for Senators, and Twelve New Members.

The Senate was almost a unit against the new Ministry. The members were appointed for life, which tended to fossilize the Upper House. The Liberal majority in the Colony was scarcely represented in the Senate at all. In important votes Government measures that passed by decisive majorities in the House could only muster one or two supporters in the Upper Chamber. This meant not only that the Conservatives of the Senate could reject, amend or delay as they pleased, but that Liberal measures were not even fairly debated in the Senate; practically only one side was heard.

To overcome these difficulties the Premier asked the Governor to appoint twelve new Senators, and introduced a bill to reduce the term of Senators to seven years.

The Governor objected to the appointment of so many new Councillors. Balance took the ground that in this matter as in others the constitutional course would be for the Governor to take the advice of the Ministry. His Excellency thought otherwise. By mutual consent the question was referred to the English Colonial Office. England gave judgment in favor of the Premier, deciding that the Governor should accept the advice of the Ministry in the matter of additional appointments, and twelve new Councillors were appointed in 1892.

developed the most remarkable record in the history of the Colony; as Minister of Lands, the Hon. John McKenzie, another man of splendid executive force and a tireless champion of the people's rights; as Minister of the Post and Telegraph, the Hon. J. G. Ward, a Liberal of high character and exceptional executive ability; and as Minister of Justice and Education, and a little later Minister of Labor, the Hon. Wm. Pember Reeves, one of the most distinguished statesmen, orators and writers New Zealand has produced, and an uncompromising friend of the workingpeople.

The bill for a seven-year term became a law in 1891 with a proviso that the act should not apply to existing members. It would not have been possible to pass the bill without this clause. The Senators were not so particular about the terms of future members—they might yield to public sentiment on that point—but they could hardly be expected to agree to the decapitation of their own privileges.

TAXING THE MONOPOLIES.

The heart of the first year's work of the new Government was a joint and several attack on the twin problems of land and taxation, in the shape of a "Land and Income Assessment Act" abolishing the property tax and establishing graduated taxation of land values and incomes.

The avowed objects of the law are to tax "according to ability to pay," "to free the small man," and "to burst up monopolies;" and its cardinal features are the exemption of improvements and of small people, and the special pressure put on the big monopolies and corporations and on absentees.

(1) All improvements are exempt,² all buildings, fencings, draining, crops, etc.—all value that has been added by labor, all live stock also, and personal property; only the unimproved value of the land is taxed.

(2) Mortgages are deducted also in estimating the land tax, as they are taxed to the lender. The money lender or mortgagee is treated as part owner, pays land-tax on his mortgage as though it were land,³ and is forbidden to make his mortgagor contract to pay the tax.

(3) There is besides a small-estate exemption of \$2,500, where the net-value of the estate does not exceed \$7,500,⁴ so that if a farmer has no more than \$2,500 of land value left after deducting improvements and mortgage liabilities from the value of his real property, he pays no land tax.

(4) Besides the three exemptions or deductions already named—the deduction of mortgages, and the exemption of improvements and small estates—there is another conditional exemption. If an old or infirm person owns land or mort-

² In the original Act of September 8, 1891, improvements were exempt up to \$15,000. The amendment of 1893 exempted all improvements. Building societies were also assessed by the original act, but were exempted by the Act of 1893.

³ The Act of October 1, 1902, makes the mortgage tax only 3 farthings in the pound, as against 1 penny in the pound on land. So mortgages will pay from now on only three-fourths the rate paid by landholders. Heretofore mortgagees and landlords have been taxed on the irrespective shares in the land at the same rate—1 penny in the pound.

⁴ Above \$7,500 of net value, the small estate exemption decreases \$5 for each \$10 that the net value increases so that this exemption vanishes when the net value (the value after deducting improvements and mortgages) reaches \$12,500.

gages returning less than \$1,000 a year, and can show that he is not able to supplement his income, and that the payment of the tax would be a hardship, the Commissioner may remit the tax. A number of widows and orphans are excused more or less of their taxes under this clause: "The Democracy of New Zealand is a humanitarian taxgatherer."⁶

Out of a total of 110,000 landowners only 16,000 pay tax.⁶ When the new system went into operation in 1892, there were 12,360 rate-payers under the land-tax, while the number on the property-

⁶ The tribal lands still occupied by the Maoris are also exempt. The discussion of the text relates only to the population of European descent. If native land is let to a white man, the landlord pays half tax, or $\frac{1}{4}$ d. (1 cent) in the pound.

⁶ This is one of the characteristics that distinguish the New Zealand tax from the "Single Tax" advocated by Henry George. Under George's plan, every one of the 110,000 land owners would pay land-value tax, while under the New Zealand law less than a sixth of them pay land tax. With the single tax all land values would be taxed, and all at the same rate. There would be no exemption of small owners, and no increase of tax for rich owners or absentees. The New Zealand tax is a tax on land values, but not a "single tax," it is not "single." There is a tax on incomes and decedents' estates, and a tariff on consumption, and the larger part of the owners of land values are not taxed. It is a monopoly tax of the progressive type, not a George tax. Henry George wanted to abolish all other taxes but that on land, and take 90 per cent of all rental values due to land values. The New Zealand land tax not only leaves the small men (nearly six-sevenths of the holders of such rental values) entirely untouched, but even from the richest owners, at the top of the graded scale, it takes but $1\frac{1}{2}$ per cent on the assessed capital land value, or perhaps 25 per cent of the annual rental on such land value, or about one-fifth of the actual ground rents on the basis of assessments at four-fifths of actual values and capital values at 20 times rental values; and from the mass of those who pay the tax, the class having over \$2,500 and under \$25,000 net value of land, the law takes less than half of 1 per cent on their assessed land values, or about 6 per cent of the actual rental value of the unimproved soil.

There is no doubt that the people of New Zealand, like those of other progressive nations, have been greatly stirred and benefited by the writings of Henry George, but while they find much to commend in his philosophy about the evils of land monopoly, they do not accept his method of redress, but have adopted a different line of action. So far is New Zealand from the single tax that Ballance, Reeves, Stout and other great leaders of the people, while paying high tribute to the educational value of George's works, condemn the single tax as "confiscatory" and "absurd," and the United States Consul to New Zealand says the New Zealand farmers look upon the single tax with horror, and would rise in open revolt against its introduction. (U. S. Consular Reports, 1894, 1897.)

There is not likely to be any need of rising in revolt, for in New Zealand, as Reeves says, "the farmers are all-powerful" at the ballot box. But if there were need they might take very strenuous action in opposition to the single tax, and the reason is not far to seek. There are about 100,000 landholders having less than half a square mile each, and about 6,000 of them pay land tax (Year Book, 1901). With the single tax every one of the 100,000 would pay land tax. So the single tax would be over sixteen times as bad for the farmer and other owners under 320 acres each as the present land tax, and something like ten times as bad as even the vicious old property tax they fought so hard to abolish. Even these

tax lists of 1889 was 26,327. The new tax hit less than half as many as the old,⁷ 14,000 small owners were released from property-tax, and the lower division (half or two-thirds perhaps) of those who still paid tax on assets, paid less than they did before.⁸

THE GRADED TAX FOR WEALTHY LANDLORDS AND ABSENTEES.

The graduated-tax begins when the unimproved value⁹ reaches \$25,000. It

figures do not express the full difference to these owners, for not only would sixteen times as many of them pay land tax under the George plan, but the rate would be fifteen times higher, since George would take 90 per cent of the rental value of the ground, while the New Zealand law takes only 6 per cent of it. The New Zealanders believe in nationalizing the soil, but through purchase and leasing and gradual development of progressive taxes, not by a sweeping law that would take the land values for public use without paying for them or equalizing the burden of the change over the whole community benefited by it. In fact, some men of high intelligence in this and other countries, who call themselves "single taxers," no longer insist on the drastic legislation advocated by Henry George, but are willing to go toward the socialization of the soil by moderate steps, and to give due attention to other forms of monopoly, as the progressive thinkers of New Zealand have done.

(See Causes and Conditions, and Appendix.)
⁷ Even if we include the income tax (which is a tax on the upper slopes, resting on a good-sized income and not on a property basis, and therefore does not really belong in a comparison of the numbers affected under the new system and the old on the basis of possession), still, the incidence of the new law is probably only half that of the old. There were in 1892, 12,360 paying land tax, 1,491 graded land tax and 3,448 income tax. All the graded tax and a large part of the income-tax payers were persons included in the 12,360 land-tax payers. The property-tax assessment, which forms the other wing of the comparison, was made in 1888 and published in 1889. An assessment under the property tax of 1892 (if it had continued till then) would have shown a larger number of rate payers than 26,327. Wherefore, on the whole, it is probable that, even including the income tax, as well as the land tax, the new system hit only half as many as the old.

⁸ The principal reason of the change was the exemption of improvements under the new law. The old law (Property Act of 1885, in force till 1891) allowed \$2,500 exemption after deducting mortgages, but did not exempt buildings or other improvements, nor impose a graduated tax on large estates. The tax was 1 penny in the pound, to be assessed on all real property, and 30 shillings on each £100 of premiums for all fire, marine or guarantee insurance (Laws of 1879 and 1890). Now, in case of small estates and those of moderate size, the buildings and other improvements are apt to figure half or more than half the total value, so that the smaller owners were let out by the new law. A man who had a farm worth \$5,000 above liabilities—\$2,500 land value and \$2,500 in improvements—for example, would pay taxes on \$2,500 under the old property tax, but would pay no taxes under the new land-value tax.

⁹ That is, land value—value of the realty less improvements, but without deduction of mortgages. Mortgages are deducted in estimating the ordinary land tax, but no deduction on account of mortgages is allowed in estimating the graded tax. The landholder must pay the whole of the graded tax, no matter how heavily his land is mortgaged, for the graduated tax is a policy tax, intended to discourage the holding of large estates.

risers from one-fourth of a cent on the pound of \$25,000 to sixteen-fourths or four cents a pound on a million dollars or more of unimproved value. This graduated tax is in addition to the ordinary level-rate landtax levied each year, which is two cents on the pound.¹

Absentee owners of large estates have still another tax to pay. If the owner of an estate large enough to come under the graded tax has been out of the country a year, his graded tax is increased 20 per cent.

In the United States the big corporations are apt to escape taxation largely or pay at a rate far lower than that enforced against small owners; but in New Zealand, a rich corporation pays at a higher rate than persons of ordinary resources. A wealthy land company or corporation land owner may pay a graduated tax 16 times as high as that of the man of moderate means, and over 18 times as high if it is a foreign company. The company's total tax, including both ordinary and progressive, may be 3 pence (6 cents) on the pound (or more if it is an absentee), against 1 penny (2 cents) for the farmer who has less than \$25,000 of landvalue above improvements—1½ per cent for the company, and .42 per cent or less than half of 1 per cent, for the farmer—3 times as much for the company as for the farmer. And the company or large owner pays any number of million times as much as the small farmer who has only \$2,500 above improvements, for he pays nothing. No wonder the Premier said, "The graduation of the taxes is to check monopoly," and the Hon. Wm. Pember Reeves declared the purpose of the Government to be "to take off taxation from the small land proprietors and put it on the large owners," and "to burst up the great estates" by making it expensive and unprofitable to hold land in large amounts, and by the resumptive policy to be spoken of presently.

THE INCOME TAX.

The incometax applies to net income from employment and net profits from

business, subject to an absolute exemption of \$1,500 (except in the case of absentees, and companies whether absentees or not), and a further optional exemption up to \$250 a year for life insurance premiums, if the citizen wishes to spend his money that way. All income derived from land or from mortgages, so far as they represent realty, is outside this tax, which affects only income from employment or business.² The landtax takes care of realty and all that pertains to it, so that the land with all its profits and liabilities is excluded from the incometax.

A farmer who derives all his income from land pays no incometax. Neither does a lawyer, doctor, teacher, artisan or any other person who makes no more than \$1,500 a year. The total number of income-tax payers is only about 5,600. Working people, small tradesmen, and farmers with less than \$2,500 of landvalue above improvements, pay neither land nor income taxes. But it must not be imagined that they escape taxation entirely, for the bulk of New Zealand's net revenue is raised by the tariff,³ and the citizen is apt to pay taxes whenever he eats, or wears clothes, or buys a bicycle or a pair of shoes. Moreover, every property holder large or small must pay municipal or local taxes.

The rate of incometax for companies is 24 cents on the pound on the profits of their business, and for other people it is 12 cents on the pound on the first taxable \$5,000, and 24 cents on all taxable income above \$5,000. The graduation of the tax consists of 3 steps—up to \$1,500 no tax, the next \$5,000, 12 cents, and beyond that 24 cents on the pound.⁴

If a man has \$2,000 income from business or employment, \$1,500 is exempt anyway and \$250 more if he chooses to use it for life insurance premiums, and he pays \$6 incometax on the remaining \$250. If the income is \$10,000 he pays \$120 tax on the first \$5,000 above the

² See last paragraph of Note 9.

³ The customs only form 33 per cent of the revenue, but the \$9,333,333 the Government receives from its railways and the \$4,500,000 from post and telegraph are not net. The \$11,000,000 raised by the tariff constitutes about 75 per cent of the national taxation; \$15,500,000 are raised by taxation for the national Government, and it has \$15,000,000 income from other sources, land rents, public institutions, etc. The total revenue is about \$40 per head of European population (1902), half of it raised by taxation, with the direct taxes all on the well-to-do and largely on the rich. Local governing bodies, cities, towns, etc., raise about \$5 taxes per head.

⁴ The exemptions and general conditions of the income tax were prescribed by the Assessment Act of 1891. The twelve and twenty-four-cent provisions were enacted in the Land and Income Tax Act, 1892, which is supplementary to the Assessment Act.

Various amendments were made in 1893, 1894, etc., and the whole law of the subject, with further improvements, was consolidated in the Land and Income Assessment Act of 1900.

¹ "These taxes are paid by lease holders, as well as freeholders, except in case of Crown leases that are really no more than licenses. Section 4 of the Act provides that land tax should be paid on the value of his interest by 'the owner of any leasehold, except under Part 6 of the Land Act of 1885' (which deals with pastoral leases terminable on 12 months' notice). 'Land' is defined as including all chattel interests in land, 'land owner' is anyone seized, possessed of, or entitled to, any land, freehold or leasehold, except as above.

Holders of pastoral leases and mining licenses pay tax on their income from the use of land, but are not within the land tax. Such licenses are not considered as realty, and the income is treated as business income.

\$1,750 exemptions, and \$156 graded income tax on there maining \$3,250, making a total of \$276 income tax, or 9 times the percentage of his whole income that is paid by the \$2,000 man. If the income is \$50,000, the citizen pays \$210 plus \$2,076 (or \$2,088 if he has no life insurance), a total of \$2,196 or about 15 times the rate on, or proportion of, his whole income that is paid by the man of moderate income.

PROGRESSIVE TAXATION OF LAND AND INCOMES POPULAR.

The graduation, either on land or incomes, tho looked upon by the large owners as considerably more than sufficient, is regarded by the Government as only a beginning. "The thin edge of the wedge," one of the Liberal Ministers says. "We had to get that in first. It will be easy enough to increase the taxes on land and incomes. A little bill of a very few lines will do that."

The people like these taxes, and there is a growing sentiment in favor of lowering the tariff and increasing the land and income taxes—less taxation of life and more taxation of natural resources and monopoly. The new taxes do not discourage industry nor put a premium on idle land and speculative holdings. They fall only where the burden can easily be borne. No merchant pays when business is bad and he is making nothing. And no farmer finds his taxes trebled and quadrupled because he improves his land. The taxation of monopoly has increased the prosperity of the country and helped to break up big estates and secure a wider distribution of land.

PURPOSES AND RESULTS.

The Ministry declared its purpose to check monopoly, aid the poor and equalize wealth.⁵ Premier Ballance brought forward the land and income tax as the first measure on his program, to yield a revenue and help redress the balance between

the rich and poor, relieve the small owners, make the big ones pay their share of the cost of government and the public works that had made them rich, and break up the overgrown monopolies.

In his Financial Statement at the opening of Parliament, the Premier called attention to the fact that a man (with a family of 5) earning 39 shillings a week or \$500 a year as a laborer, paid about 11.4 per cent of his earnings in duties; and an artisan earning 53 shillings a week or \$680 a year paid 9.1 per cent of his income for the support of the Government, while a "rich man worth half a million dollars paid about 3 per cent of his income to the State,—the graded taxes would perhaps bring his contributions up to about 9½ per cent. From 1886 to 1890 the natural increase of population, the excess of births over deaths, was 64,168; while the real increase of population was only 44,870, showing an exodus, or excess of departures over arrivals, of nearly 20,000. Land monopoly and other unfortunate conditions made it impossible for the people to get homes. A great aggregation of wealth may be built up in the hands of a few, while the many may be pauperized; but this is not civilization, and it is not a sign of health in a State. Our first duty as legislators, it appears to me, is to see that it is made easier for the people to have comfortable homes."⁶

RELIEF OF THE SMALL PEOPLE.

The exemption of improvements, deduction of mortgages, etc., has had a powerful effect in relieving the situation for the small people as may be gathered in some detail from the following data:

Out of 8,611 farmers, dairymen and ranchmen who had paid property tax, only 4,800 paid any land or income tax—nearly half the country landowners were released entirely by the new system. Out of 3,156 tradesmen, storekeepers, carriers, etc., over half were released, and this was true also of the 3,760 widows, wives, trustees, and spinsters assessed under the property tax. With the laboring classes the case was stronger still—out of 2,242 workers (mechanics, laborers, miners, sailors, shepherds, etc.) who paid property tax, only 235 paid anything under the new law,—nine-tenths of the workers assessed by the property-tax were released by the Liberal system.

Taking the smaller people, farmers, merchants, agents, clerks, teachers, artisans, laborers, widows, and spinsters, below the level of the income tax and the graded land tax (not owning \$25,000 worth of land value nor having an income of \$1,750 a year), we find about 18,000 such small people assessed under the property tax, while only about 7,500 of

⁵ Premier Ballance said: "We need not fear that in pursuing this we shall fail to reap the material prosperity at which financial systems aim. The wide diffusion of wealth and industry among the people is the surest guarantee of a buoyant revenue and a wealthy exchequer."

Mr. Seddon said: "Our object is to prevent the mass of the people who own no land from becoming serfs. . . . By taxing land, the owners are compelled to take out of the land what there is in it,—its fertility and power to support population. They have to build homes and fences, and cultivate; employ smiths, masons, carpenters, and circulate their money." And if they don't want to employ labor and improve their estates, the progressive taxes encourage them to sell their land or part of it to people who will improve it.

Mr. Reeves said: "The graduated tax is a finger of warning held up to remind them that the Colony does not want these large estates. Whether partly or almost entirely unimproved, they are a social pest, an industrial obstacle and a bar to progress."

⁶ New Zealand Handsard. Vol. 71, pp. 66, 67, 68.

them came within the new law—over 10,000 out of 18,000 small people of the classes named⁷ were released by the Liberal tax law.

Yet the rate of taxation was so much accentuated for the rich that the total yield of the new law was greater than that of the old—in place of the \$1,770,000 raised by the property tax, the new tax, 1892, raised \$1,870,000, of which \$1,163,000 was ordinary land tax, \$339,000 graded land-tax, and \$368,000 income tax.⁸

TESTIMONY OF UNITED STATES CONSUL.

United States Consul Connolly, reporting to our Government in 1894 and 1897, said:

"In the matter of taxation New Zealand excels. In a very short time the system of taxation has been revolutionized and the incidence of taxation almost entirely changed, not only without disturbing, to any appreciable extent, existing interests, but with the most beneficial results. . . . The new legislation was violently assailed as experimental, socialistic, confiscatory, and impracticable. The banking and moneyed institutions generally and also the large landowners persistently alleged that the law would result in financial ruin, but subsequent events conclusively demonstrated how ill-founded were their apprehensions. It was found that the new system instead of involving the country in ruin had exactly the contrary effect, and the credit of the Colony in London increased to an unprecedented degree. . . . (Using also the Consular Report of 1897.) The income-tax was most fiercely denounced as inquisitorial, destructive of the first principles of frugality and thrift—in fact, all the elements of evil lurked in the shadow of the words 'income tax,' and a united effort was made to resist this 'iniquitous' tax, but all to no purpose. . . . With the adoption of the one-man-one-vote principle, the middle and laboring classes had become all-powerful and they demanded a change in the incidence of taxation. . . . And now, after 6 years of experience, the more liberal and fair-minded of those who opposed it (the income-tax), frankly admit that it is a fair and unembarrassing tax. . . . In New Zealand the land and income tax is now popular; it is accepted in lieu of the property tax; it is a success.⁹ . . . (1894 again.) By the \$2,500

⁷ The whole body of small people, including doctors, lawyers, clergymen, contractors, builders, manufacturers, absentees, etc., assessed by the old law was something like 21,000, and it is estimated that less than 8,000 of them were touched by the new law.

⁸ The land tax, 1902, amounts to \$1,565,000 (of which \$395,000 is the graded tax), and the income tax is \$897,000. From 1896 to 1902 the income-tax increased 93½ per cent, while the population increased 12½ per cent.

land tax exemption, the exemption of improvements, and the exemption of all incomes under \$1,500, the small farmers and laborers are immensely benefited. These exemptions, however, only apply to State taxes. For local purposes all must contribute who have assessable property. The laborers and small farmers are very grateful, and at the late election, November 9, 1893, they have, in the most pronounced manner, demonstrated their appreciation by electing those to whom they owe so much (the Liberals) by the largest majority ever given a Government in New Zealand.¹

"With the graduated and absentee taxes, the landlord class felt that they must do something to relieve the burdens thus imposed. They recognized, after the battle was over, that it was an unmistakable victory for the people, and accordingly took immediate steps to meet the reforms of the law by improving their land or selling it, either to the Government or to individual purchasers. A number of estates were disposed of privately. Some were subdivided, while a large percentage of them were sold outright to the Government. This process has continued from the imposition of the tax to the present, so that now the number of large estates is considerably reduced, and needless to say, with corresponding benefit to the country."²

EFFECT ON LARGE ESTATES AND THE MOVEMENT OF MONOPOLY.

A Parliamentary return showing the values of freehold properties in 1892 and 1900 shows that in 1892 (the first in which land-tax was collected) the freeholds of the Colony were valued at 92 millions sterling. In 1900 their value had risen to nearly 110 millions. But all the increase was in the smaller or middle-size estates. The value of estates in the class worth £50,000 or more, each, had fallen from 19 millions sterling to 15 millions. So the great estates have shrunk almost one-fourth. The repurchase system to be spoken of in the next chapter is one cause of this, but part of the credit belongs to the graded tax.

When the Liberal statesmen of New Zealand fired progressive taxation at the target of monopoly they hit the bull's eye. Till 1891, except for a year in the seventies, the monopolists and their friends made the tax laws in New Zealand with the result that capital did not bear its share of the public burdens, the common people had to pay a large part of the taxes the monopolists should have contributed, and

⁹ Condensed from Reports of the U. S. Consul to New Zealand. 1894 and 1897 U. S. Consular Reports, Vol. 44, p. 615, and Vol. 53, pp. 19, 32, 33.

¹ U. S. Consular Reports, 1894, Vol. 44, p. 620.

² *Ibid.* 1897, Vol. 53, p. 30.

the further growth of monopoly was encouraged. Now the burdens of taxation are more fairly adjusted and the pressure of the law is not toward monopoly but away from it; not favorable to it but against it; and this pressure is likely to be gradually increased.

THE PROGRESSIVE TAXES LIKELY TO BE MADE MORE PROGRESSIVE.

There have already since 1891 been two enactments for the increase of the land-value taxes,³ and the movement for the further accentuation of the progressive taxes is strong.⁴

One of the most interesting facts about New Zealand's tax revolution is the great increase in the value of improvements not only through the encouragement given to industry by their exemption, but through the new valuation put upon them by their owners. When the improvements were taxable no taxpayer could see any value in them to speak of; but now that they can be deducted the appreciation of them shown by the tax payers excites the wonder of the Commissioner of Taxes. The people, especially the small people, have had an equal awakening in respect to the value of progressive taxation of the ground.

INHERITANCE TAXES.

In addition to the land and income taxes there is a progressive tax on decedents' estates, as follows:

1. Estates⁵ not exceeding £1,000 (\$5,000):
 - On the first £100 no tax
 - On all over £100 2½ per cent
 4. Estates of £20,000 or more 10 per cent
 2. Estates exceeding £1,000, but not over £5,000 3½ per cent
 3. Estates exceeding £5,000, but not over £20,000 7 per cent
- Strangers in blood excepting adopted children, 3 per cent additional.

These duties are levied on the final balance of the real and personal estate. Property passing absolutely to a widow or widower is exempt. The law will not

³ The graded land tax of 1891 began at ¼ of a cent and ended with ¾ cents in the pound. In 1893 the upper limit was raised to 4 cents in the pound, resulting in an increase of 15 to 40 per cent in different parts of the scale. (See details in "What Next?" *infra*.) In 1896 another move on land values was made through a local-option law. (See Local Rating on Unimproved Values, *infra*.)

⁴ See chapter entitled "What Next?" *infra*.

⁵ "Estates" means the amount of the final balance, or value of the real and personal property, aside from exemptions and within the purview of the act.

The inheritance tax has existed for many years. The Deceased Persons' Estates Duties Act of 1881 prescribed the following death duties:

On any amount not exceeding £100	no duty
6s £100 to £1,000	2 per cent
On any amount not over £5,000	
on the first £1,000	2 per cent
on the rest	3 per cent

break up family estates as long as either member of the partnership survives as owner. There are also special provisions affecting children and grandchildren, step-children and adopted children.

CONCLUSION.

These three graded taxes on land, incomes, and decedents' estates, supply the means whereby the Liberal Government may put the pressure on monopoly to any extent that may be deemed desirable in their effort to promote the public welfare.

Other countries have land and income and inheritance taxes, but no other state or country except Switzerland has as yet anything like so strong and far-sighted a law as that of New Zealand with its six great principles: exemption of improvements, live stock, and personality; exemption of small people and persons who would be embarrassed by the tax; treatment of mortgagees as part owners; payment on incomes above the average level or general labor line; inheritance and succession duties; and graduation of the taxes to restrain monopoly and conform more closely to the rule of payment according to ability, which is the fundamental equity in taxation.

CHAPTER XVII.

A NEW LAND POLICY.

Graduated taxation of monopolies and penalization of absentees were only the opening melodies of the new land opera. Under the influence of the Liberal Government, the land system of New Zealand has become saturated with the ideas of nationalization of the soil, leasing in perpetuity, restriction of area and of transfer, resumption and division of overgrown estates, abolition of large holdings, close settlement under improvement and residential conditions, coöperative development of small farm settlements, suburban homes for workmen, easy access

On each additional £5,000 or part of it up to £20,000	
on the first additional £5,00 or part thereof	4 per cent
on the second additional £5,000 or part thereof	5 per cent
on the third additional £5,000 or part thereof	6 per cent
On every additional £10,000 or part up to £50,000	
on the first additional £10,000 or part	7 per cent
on the second additional £10,000 or part	8 per cent
on the third additional £10,000 or part	9 per cent
On any estate over £50,000	10 per cent
Strangers in blood, except adopted children, 3 per cent additional.	

The rates stated in the text were established by the amending act of 1885 (when Ballance and Vogel were in the Ministry, with Stout as Premier). On some classes of large estates the new rates are 25 to 50 per cent more severe than the duties imposed by the earlier act.

to the soil for all, especially for those of small means, preference for the landless, gradual absorption of the unearned increment for the use of the public,—the land for the people in every way, and not for the few.

There are three ways of overcoming land monopoly: (1) confiscation; (2) pressure through taxation, etc.; (3) resumption or state purchase by agreement or compulsion. New Zealand, while using the second, relies largely on the third, which meets the need more definitely and certainly than any ordinary tax, and more justly than confiscation.

The cry for land in the early nineties was no mere sentimentalism or result of theorizing; it was the expression of a vital need, like the cry for coal in the United States in 1902. The big owners held the land for a rise of prices. A rise in prices was not likely to come till a good proportion of the monopolized land was cut up and settled. The owners could not afford to cut it up till prices rose. There was a deadlock. And while the country was excellently adapted for working farmers, and lying empty and waiting for their hands, hundreds and thousands of farmers' sons and country laborers were growing up and working on other men's land, altho they had the skill, knowledge and strength to manage holdings of their own.

To meet the demand for land and break up monopoly, favor the settlement of men of small means, and move toward the nationalization of the soil, the Ballance Ministry in 1890 agreed on the policy:

(1) Of putting pressure on the large holders through progressive taxation.

(2) Of conserving the remaining public lands for genuine settlement.

(3) Of limitation of the area of holdings and of the right of transfer.

(4) Of repurchasing and dividing large estates, and

(5) Of establishing the true perpetual lease (with periodic revelations and no right to purchase the freehold) as the tenure on which public lands and resumed lands should be taken.

The first of these aims was accomplished in 1891-1892, as we have seen. The second, third and fourth were carried out in the land acts of 1892-1894, but the fifth was compromised after an earnest fight—leases in perpetuity (999 years), with no right of purchase and no revaluations, lease for 25 years, with right of purchase after 10 years, and the optional system with residential and improvement conditions, being accepted by the Government in place of the desired perpetual leases, in order to carry the other provisions of the land acts. The legislation secured, tho not up to the Liberal ideal,

was nevertheless sufficient to turn the tide from concentration to diffusion of the ownership and benefits of the soil, and win the victory for the people in the great battle between the settlers and the monopolists, that had been going on since the foundation of the Colony.

THE LEASE IN PERPETUITY AND THE NATIONALIZATION OF THE SOIL.

The land bill brought down by Premier Ballance and his Minister of Lands, McKenzie, in 1891, contained the true perpetual lease on a 30-year term. It passed the House, but was defeated in the Senate. In 1892 another effort was made to get the eternal lease, with revaluations at intervals of 50 years, but even that was amended out. As a compromise, McKenzie, with the advice of Ballance, introduced a new tenure, the lease in perpetuity (999 years) with an unchanging rent of 4 per cent a year on the value of the land at the time of taking the lease. McKenzie and Ballance were convinced they could not carry the perpetual lease, and thought it better to compromise on the 999-year flat lease and pass the other provisions of the land bill than to fight year after year for revaluations and pass no land bill. These tactics succeeded, and the Land Act of 1892, hinged upon the lease in perpetuity but containing most of the land provisions the Government wanted, was enacted.

The abandonment of the cardinal principle of revaluations was a sore disappointment to many Liberals.¹ For 15 years the advance guard of the Progressive party had been struggling for a system of State leaseholds, with periodic revaluations and no right of purchase. Even after the compromise the friends of the perpetual lease hoped for a reopening of the question, but McKenzie, having once adopted the lease in perpetuity, stood by it. In the debate on the Repurchase Bill of 1894 he explained his position as follows:

"On three different occasions, the perpetual lease, with revaluations, was carried, and every time it was swept away. We can't establish it now, the Colony is not ripe for it. I was as much in favor of the perpetual lease as anyone, and left our party and helped Rolleston establish the first one (1882), but the right of freehold was given afterward, so it destroyed the perpetual lease. . . .

"Why should these people and these alone be singled out? Why not fall back on the freeholders and say 'Let us have the unearned increment of your land which you have bought in the past?'"

¹ Not only Liberals were disappointed,—some of the leading Conservatives, like Rolleston and Captain Russell, opposed the flat lease substitution.

We believe the real key to the situation is to be found in the words we have italicized in the quotation just made. With all its virtues, the eternal lease, with revaluations, has, under present conditions, three serious defects: *First*, and foremost, so long as other tenures exist, its revaluations become a special class tax on one of the classes most deserving of exemption. *Second*, the new unearned increment arising during the 20, 30 or 50-year periods between revaluations would be left to go into the pocket of the tenant for the remainder of the term in which such new increment accrued. This defect would exist even if all the land in the Colony were held under the perpetual lease. *Third*, unless the perpetual lease could be made the only tenure on which land could be obtained from the Government, selectors might choose the freehold, or some title leading to it, rather than risk the disturbance and uncertainty of the revaluations and the probability of losing a large part of the unearned increment that would come with the freehold, and to secure which it would pay to borrow and pay interest on the purchase money. The preference of the freehold would, under the optional system, defeat the fundamental purpose of retaining the ownership of the Crown lands in the State as a basis for the nationalization of the soil. Repeated defeat was not the sole nor the principal reason for McKenzie's abandonment of the perpetual lease. He was convinced that the unearned increment could more completely and more justly be taken by a gradual development of land-value taxation, which would act on freeholders as well as leaseholders at the same time that long-term, low-rental leases were attracting selectors away from the freehold and aiding the movement toward land nationalization.

So the 999-year lease, with a flat rent of 4 per cent on the land value at the start, was made the focal point of the Land Act of 1892, which passed the House September 13th by a vote of 21 to 4. Personal residence during the first ten years, substantial improvement, restriction to an area of one square mile or less in the case of agricultural land and the power to the district land boards to veto transfers, were features of the tenancy. Its great advantages are that "it leaves the settler all his capital for improvements,"¹ gives

¹ In 1892, when the perpetuity system was established, money cost 6, 7 and 8 per cent, and a rental of 4 per cent, with no debt, was a tremendous advantage to the man of small means. Now, however, money can be borrowed at the Government Loan Offices for 4½ per cent, with 1 per cent more to pay off the principal; 5½ per cent squaring the debt in 36 years, so that the perpetuity rental of 4 per cent is not so far in the lead as formerly. It must be remembered, however, that one who has no other property can borrow only part of the value of the freehold.

him a tenure as secure for all present purposes as a freehold, and protects him for a year from execution for debt; while it leaves the title in the State and adds that much to the nationalization of the soil. And tho it does not put the unearned increment in the public treasury, the State can always insist that a genuine working settler shall live on each farm, and the unearned increment can be taken by taxation as fast as the diffusion of land ownership or the lack of it may justify and public sentiment may warrant.

The effort to make the lease in perpetuity a popular tenure was successful.² The provisions requiring allotments in village settlements, special settlements, improved farm settlements and repurchased estates to be on lease in perpetuity, together with the option given to selectors to take Crown lands on the same tenure, have resulted in giving the perpetuity system the leading place in the and transactions of recent years. "Most of the Crown lands are now disposed of for 999 years," says the Year Book of 1901.

Transfers of public land for cash and for purchase are still going on, but most of the land sold in the last twelve years has gone to working farmers. Speculation and monopoly have been checked; the lease, under State ownership, has become the dominant method of selection, and a substantial beginning has been made in the nationalization of the land. So much at least may be credited to the *general* land system of the Liberal Government, but the most conclusive victory over the great monopolists has resulted from the *special* act to which the next chapter is devoted.

CHAPTER XVIII.

STATE RESUMPTION OF LARGE ESTATES.

One of the vital elements of the land policy of the Liberal Government was compulsory repurchase of large estates

For one who needs to save all that is possible in present expense, or one who does not wish to go into debt, the lease in perpetuity still offers great advantages over the freehold.

For the man of means also, who does not wish to speculate in the land, the lease is attractive since he may invest the money he would spend for a freehold in such a way as to yield 8 or 10 per cent or more in business, and pay the Government 4 per cent of it for the land he takes. On the other hand, if the man of property chooses to borrow the price of the new freehold from the Government, his 5½ per cent for 36 years will be only a small part of the total rentals at 4 per cent a year for 999 years, to say nothing of the next 999, and the next, etc.

² The Report of the Land Department for 1893 says: "The cash sales are ¼ of what they were 10 years ago, while the perpetual lease and lease in perpetuity together have increased 39 fold in the 9 years since the first of these systems was introduced."

for division and close settlements. McKenzie brought in his first repurchase bill in 1891, but for three years his efforts were defeated in the Senate.

In the second year the right of repurchase by voluntary arrangement was accorded. The Land for Settlements Act (of 1892) authorized the Government to acquire any land by contract with the owner, to be disposed of in lots not exceeding 320 acres, and only on lease in perpetuity, at 5 per cent rental, whether it was rural, suburban or town land. Other resumption clauses were contained in the Land Act (1892), but the lack of compulsory power made the working of the law quite unsatisfactory. Nearly a million of acres were offered under it to the Government in 1893, but much of it was poor and unsuitable, and the price asked for the rest was usually excessive.¹ It was not till 1894 that the principle of compulsory purchase of large estates was enacted into law, so that the Ministry had effective means of making the monopolies disgorge at reasonable prices.

CHEVIOT.

While McKenzie was working for a compulsory repurchase clause, a dispute arose between the Tax Commissioner and the trustees of the Cheviot Estate as to the valuation of the property for the land tax. It was an estate of 84,755 acres on the east coast of the Middle Island, a compact block of about twelve miles square, spreading from a range of hills called the Lowry Peaks to the sea coast; bounded north and south by broad rivers, between which lay fertile valleys, hills and plains, open, grassy, accessible—one of the finest pastoral estates in the Colony.

Till 1892 it was the property of one man, the home of one family, with its flocks and shepherds. "Ready-Money Robinson," as the proprietor was called, owned as far as he could look from the mountains, to the sea and from river to river. There were only 80 human beings on the land, with some 80,000 sheep. It had been bought in the early years at ten shillings an acre (\$210,000 for the whole) under George Grey's cheap land regulations of 1853. The owner had made extensive improvements. The mansion house was surrounded by gardens and orchards. There were magnificent plantations of pine and a great deal of fencing, an important item in New Zealand.

The Tax Commissioner assessed the property in 1892 at \$1,524,130, valuing

the improvements at \$271,500 and the land at \$1,252,630. The trustees, in whose hands the estate then was, returned the value as \$1,301,100—\$300,250 for improvements and \$1,000,850 for the land—a difference of more than \$250,000 in the land value. The trustees insisted that the property was worth no more than their return. In case of such a disagreement, as the law then stood, the owners or trustees could require the Government to reduce the assessment or purchase the land at their valuation. The trustees availed themselves of this provision, and called on the Taxing Department to cut down the assessment or buy the property at \$1,301,100.

The Board of Reviewers sustained the valuation of the Tax Commissioner, and the decision then rested with the Cabinet. The Ministers had four separate valuations made. All were much above the trustees' figure. They decided to buy Cheviot. An Order in Council to that effect was passed December 9, 1892, and the transaction was completed April 19, 1893, when the conveyance was signed and payment made. Before the year was out McKenzie was approached by a syndicate with an offer to the Government of \$200,000 bonus on its bargain. But the Government was not seeking money, only the division and settlement of large estates, and the offer was refused.

The purchase was made profitable at once. The houses, grounds and pastoral lands were leased temporarily at nearly 4 per cent on the total cost, while the surveyors laid out roads and divided up the estate. The mansion house, with 5000 acres around it, was resold to a member of the former owner's family for \$125,000 cash. A few thousand acres more were parted with for cash to reduce the prime cost. But 75,000 acres were retained and leased; the better land in small farms for 999 years, and the pastoral land in grazing runs. The land was cut up into farms of 50 to 100 acres, grazing runs of 1,500 to 3,000 acres, one township and three village settlements. Roads were made wherever needed, and a railway line was surveyed through the estate. The settlement was a success from the start. In six months 560 people had been provided with land or work on the estate, and 163 laborers were working coöperatively making roads and cutting up the land ready for further settlement.

Cheviot, which in 1893 had only one family, with its attendants, now has a population of more than 380 families, numbering some 1,500 people.

The rents are paying the Government over 5½ per cent on the investment, which is so much beyond the interest (3½ per cent) that the estate will pay for itself in less than 20 years. The net cost has

¹The chief property taken under the voluntary act of 1892—the Pomahaka estate of 7,000 acres, bought in 1893 for \$17 an acre—was, and still is, the worst bargain that McKenzie made. It was not good land, and too much was paid, but fortunately this instance stands almost alone in the history of land resumption in New Zealand.

already been reduced from £325,000 (for land, roads, etc.) to £243,440. The rents amount to \$70,730, and the interest to \$44,330, leaving a profit of \$26,000 a year. The arrears of rent are less than \$4,000 for the whole 9 years.

The greater productivity of McKenzie's closer-settlement plan is shown by the fact that the estate has gained in productive power 14 fold.

EFFECT OF THE EXPERIMENT. ELECTION OF 1893.

The dramatic effect of the Cheviot purchase was felt throughout the Colony. In the elections of November, 1893, most of the opponents of compulsory purchase went down. McKenzie came back with a mandate that the Senate respected, and before the end of 1894 his Compulsory Repurchase Act was on the statute book,² and the department was authorized to spend \$1,250,000 a year in buying land, an amount that has been raised to \$2,500,000 by the consolidating and amending act of 1900.

² The "Land for Settlements Acts, 1894," passed the third reading in the House by a vote of 40 to 13, yet it was one of the most vigorously contested of New Zealand's progressive bills. It was a death blow to land monopoly, and the monopolists knew it. The progressive taxes were bad enough, but this was a Waterloo. The land tax suggested the division of large estates with unpleasant emphasis, but this meant direct and specific performance.

Some of the objections were as follows: 1. The monopolists and their friends declared it was "robbery and jobbery." 2. It would increase the public debt (which was true, but it has increased the public assets and resources still more and netted a large profit to the State). 3. It would abolish the freehold (it does not touch small or moderate freeholds). 4. The State tenants in a year or two would cease to pay their rents, or bring political pressure to bear to have them reduced. (Nothing of the kind has happened, or is likely to happen, because the interest of the great body of tax payers will hold the tenants to the fair payments they agreed to make.) 5. If misfortune befalls a tenant, some temporary concession may be made, adapted to the special case. 6. The spokesmen of the Single-taxers saw in the bill a scheme for putting huge sums into landlord's pockets, while the landlords complained, on the other hand, that (6) the bill would harass and destroy the large land-holders. (It has only compelled them to give up the excess of their holdings upon fair compensation.) 7. Many Progressives objected to the lease in perpetuity without revaluations. 8. Some members thought the farms would be too small; others said they were too large. 9. There was no need of the bill; the State had plenty of unsettled land, and the Maoris still held 7,000,000 acres, most of which they did not use. 10. Such compulsion was contrary to the spirit of free institutions. (All law is compulsion in one form or another, and every court a tribunal of compulsory process. The sole question was whether the particular compulsion in this case was requisite for the public good.)

In spite of all objections, McKenzie kept steadily in view the important purpose of breaking up the big estates and providing land for closer settlement at the points where the people wanted it, and these considerations carried the day—the principle of compulsory resumption was established.

PREFERENCE FOR THE LANDLESS. WORKINGMEN'S SUBURBAN HAMLETS.

In 1896 it was provided that the *landless should have the preference* in applications for land under the land-settlement acts. And special provisions were made for workingmen's homes, with advances to help them build. It is one of the Premier's earnest purposes to take the workingmen out of their huddled quarters in the cities and put them in suburban homes, with an acre or two of land to each house, frequent workmen's trains and rent at half the price they are paying now for stuffy tenements in the towns, with a death rate far exceeding that among the well-to-do. Land within any borough (city or town) of 15,000 or more inhabitants, or within fifteen miles from its boundary, may be taken under the law by compulsory process for workingmen's homes. A man may take one lot not exceeding five acres, and Government advances up to \$250 will be made to aid him in fencing, planting and building a home.

LAND RESUMPTION LAWS IN OPERATION.

In the last three years over fifty large estates have been resumed, with an area of 230,000 acres, including a number of districts for workmen's homes. Since its commencement, in 1892, the total purchases under the "land for settlements" plan aggregate 121 estates, containing about 560,000 acres, which have been bought at a cost of \$12,000,000 or about \$20 an acre on the average for land and improvements.³

Compulsion was used only twice by McKenzie in the whole of his administration, from the passage of the law till the middle of 1900. Two more estates were compulsorily taken in 1901, making four cases altogether, or less than 4 per cent of the estates repurchased. One of the properties McKenzie took by compulsory process belonged to an absentee, living in Scotland, who did not wish to sell; was determined not to sell, and fought the case hard to keep the land. He did not succeed, but in this and each of the other three cases of compulsion the Compensation Court has awarded the resisting owners better terms than the Land Department had offered them.

In the vast majority of cases the possession of the power of compulsion, together with the pressure of the graded tax, is sufficient, without direct use of

³ The 26,350 acres of the Hatuma estate (the one McKenzie had such a fight over with the compulsory process) cost the Government about \$30 an acre. The 47,865 acres of the Waikahia estate cost a little over \$30 an acre, while the 32,385 acres of the Starborough estate cost only about \$15 per acre.

compulsory process. In fact, many more estates are offered than are accepted by the Government. In 1901-1902, for example, 110 estates were offered by their owners; 29 were accepted, and agreement was reached as to terms and the purchase completed in 24 cases.

PROFITS TO THE STATE.

The profit of the Government from land repurchase has been large. At the end of March, 1902, the expenditure for land had been £2,117,352, and £112,000 had been spent in road making, surveys, etc., making a total capital value of about \$11,000,000. The rents paid in during the year amounted to \$450,000, and the interest paid by the Government was \$334,000, leaving a profit of \$116,000, to which the profit on Cheviot⁴ must be added, making a total of \$142,000 for the year. The rental fixed on the lands open for selection, but unlet, in 1901 amounted to \$10,000 (one-third of which was debited to Pōmahaka). The total rent in arrears was \$41,350, and was \$5,390 more than the previous year. The total revenue for 9 years is £303,105, and the surplus, or net profit, is £89,377, or nearly \$500,000; and with the Cheviot profit a good deal more than \$500,000, without counting the reserves, improvements, land not yet surveyed or leased and the increased productivity of the 460,000 acres (including Cheviot) that were let to genuine settlers and cultivators.

HONEST AND CAREFUL ADMINISTRATION.

The Government proceeds carefully in this important experiment. The initiative rests with the Minister of Lands, who directs the Land Purchase Inspector to examine lands and the Board of Purchase Commissioners to negotiate for their purchase. Unless the Board, after inquiry, recommends the purchase, nothing further can be done, nor can the Government offer more than the Board advises. On the other hand, it need not buy because the Board recommends the purchase. Each purchase must be ratified by the Governor in Council, and in practice is also considered by the Ministers in Cabinet, with which, in fact, rests the real decision. Every acquisition is carefully scanned by numerous critics; every fault that can be found is promptly and vigorously found, and every complaint that can be made is made over and over again, until it is finally threshed out in Parliament.⁵

VALUE OF THE PLAN.

The land resumption scheme is an excellent investment in farm and city properties, not only affording comfortable homes for the common people, but forming a permanent and valuable part of the national assets.

It gives the Liberal Government irresistible control over land monopoly, and constitutes a vigorous addition to the means of securing the nationalization of the soil.

CHAPTER XIX.

GENERAL RESULTS OF THE LIBERAL LAND POLICY.

Before the election of 1890 the tide of population was from the country toward the cities; but the new land policy has turned back the movement of the people toward the soil. The holdings have increased over 60 per cent. Instead of one man in four being the holder of farming lands, as was the case a dozen years ago, one man in two is now the holder of rural lands. Best of all, it is not the few rich, but the many comparatively poor who have been the gainers by the land policy of the Liberal Government.

The United States Consul says:

"It is an undoubted fact that it has been the aim of the Government for many years past to relieve as much as possible the congestion in the large cities by affording every possible facility toward placing men on the vacant lands of the country. This accounts for the numerous systems under which lands may be taken up. The whole aim has been to encourage the occupation of the land and thereby stimulate a spirit of thrift and manly independence in those who are otherwise almost wholly dependent.

"Through sheer force of character and unceasing perseverance many a man who is now living in comparative independence, cultivating his own piece of land and rearing and educating his family, could never have known the blessings of such a home were it not for the bounty of the thoughtful Government, which placed the land so easily within his reach."

Mr. Epps says:

"The policy of the Colony, though a bold one, and one which proceeds far beyond what have hitherto been deemed safe lines, is prompted by an apparently genuine desire to place the people on the soil. . . . The land policy of the Colony is mainly designed to prevent the building up, and bring about the subdivision of, large estates, and to make the land available for men with small means, yet in such a manner that they must either remain upon it and make the best use of their holdings or give them up; while the popu-

⁴ The Year Book returns for land purchase under the Settlement Acts do not include Cheviot, which was taken under the tax laws. The yearly profit of the Government on Cheviot is now \$26,000, as we have seen above.

⁵ Further details on this and all other subjects here treated, and information on many subjects not touched in this volume, may be found in *The Story of New Zealand*, before referred to.

lar favor also tends towards non-alienation and perpetual leasing from the State."

Edward Reeves, writing in the *Westminster Review*, Vol. 141, says:

The statute of 1892 "takes us another step toward the acknowledged goal, the nationalization of the lands which are still in the possession of the State, or through purchase from the natives or private owners, are to be ultimately brought into its possession. The freehold cash buyer is discouraged by improvement, residential, and limitation clauses. The lease, with revaluations and right of purchase, is changed to the lease in perpetuity, and the gathering in of that portion of the unearned increment which the State may need from time to time from all alike, is relegated more equitably to the land tax, and to kindred measures such as the betterment tax, by which it is proposed to tax the augmentation in the value of lands resulting from the construction of railway lines or other public works."

Henry R. de Walker says that through the graded tax and the repurchase laws "the large estates are doomed to extinction, except in the case of certain kinds of pastoral land (not good for anything else). The Government aims at the multiplication of small owners or perpetual lease holders."

CHAPTER XX.

PANICS PROHIBITED.

The panic of 1893 struck Australia on time, and struck it hard. In six months' time half the great financial concerns of Australia went under,¹ dislocating industry, shaking public credit, and causing industrial calamity exceeding anything known in its history for half a century.² But when the panicsailed into the harbors of New Zealand it found itself quarantined. Its coming had flashed before it, as when a criminal flies from justice, and the country was prepared. A legal-tender act had been passed, regulating the currency and putting the credit of the Government behind the banks. It authorized the banks to issue a dollar of circulation for every dollar of property they had in excess of what they owed, and obliged the Treasury to give gold for the notes upon demand. In other words, the Government offered to guarantee all the notes of the banks, and to cash in gold their surplus assets to the last dollar if necessary.

The Ministry was ready to go further if need be. The Premier said in Parliament that "the Government would not allow any bank in the Colony to fail," and the

statement was received with cheers on all sides of the House. But the offer of relief made relief unnecessary. Prices were low and times were dull, for New Zealand could not keep off the effects of falling European markets on her exports; but there was no crisis. And for another whole year, till June, 1894, "the smooth current of New Zealand business went on without a ripple, while all the rest of the world was passing through failure and liquidation."

Then it was discovered that, owing to mismanagement, the New Zealand Bank, a private institution, and the biggest in the Colony, was on the verge of ruin; the financial system was in danger of heart failure. Parliament voted \$10,000,000 to save the bank; put at its head as president a representative of the public interest, with a veto on all transactions, and subjected it to the scrutiny of a public auditor. This gave the Government practical control of the bank. A \$13,000,000 guaranty was voted by the State, and \$2,500,000 for stock, making it the largest owner in the great bank, which is to New Zealand what the Bank of England is to Great Britain. One of the directors was appointed by the Governor in 1895, and in 1898 the board was reorganized, the office of president being abolished and the management put in the hands of six directors (in place of five directors and a president), four of whom are appointed by the Government and two elected by the ordinary shareholders.

New Zealand had had her postal savings banks since 1865, but the credit system was a private monopoly till the Government loan and banking acts of 1894-1895. Then the Government went into the credit business, and did it on such a scale as to rule the market, overturn the monopoly and transform the credit system into a public utility, controlled and owned and operated by the State, to the great advantage of the people.³

The *Annual Register*, a capitalistic publication in London, decidedly hostile to New Zealand's Liberal policy, says that "all the Australasian colonies except New Zealand" were visited in 1893 by "a wave of commercial adversity, which seems to have overtaken all the world." It describes "the great financial crisis as the leading event of the year in Australasia," and, after some details about the tremendous runs on the banks and their failure by the wholesale, it continues.

³ A similar control of the credit system of the United States, by our Government, would mean the control in public interest of a system involving nearly six thousand millions (\$6,000,000,000) of loans and credits, with the power of fixing the rates of interest and adjusting the volume of credit to the need of the time, so as to banish panics from our soil, as New Zealand has done from hers.

¹ Mr. Lloyd's statement.

² *Annual Register*, London, 1893.

"The public revenue in all the colonies—New Zealand alone excepted—was necessarily affected to the overthrow of all financial calculations. In every colony there was a deficit, which grew at a rate so alarming as to tax the ingenuity of the Governments to the utmost.

"The leading feature of the year's history in New Zealand is the cheerful condition of her finances. Alone among the colonies of Australasia, New Zealand suffered no check in her onward progress. Although the Government made several strides forward in that perilous policy of State Socialism, to which New Zealand is now more than any other colony committed,⁴ all was prosperity with increase of revenue and a steady growth of production."

The contrast between New Zealand, with her anti-panic, public-ownership remedy, and the situation in Australia, is shown by Mr. Lloyd as follows:

	GAIN	LOSS
	£	£
Bank Deposits		
New South Wales		2,874,517 (6%)
Victoria		12,441,078 (24%)
New Zealand	2,461,345 (14%)	
Imports		
New South Wales		3,639,047 (15%)
Victoria		6,255,126 (29%)
New Zealand	1,551,374 (22%)	
Exports		
New South Wales		2,192,948 (8%)
Victoria	732,927 (4%)	
New Zealand	450,596 (5%)	
Public Revenue		
New South Wales		731,936 (7%)
Victoria		1,546,125 (19%)
New Zealand	885,288 (21%)	

The result is all the more remarkable from the fact that if the private managers of the New Zealand Bank had been left to themselves the Colony would have had a first-class panic. The bank was rotten to the core, and would certainly have failed if left to itself. And if it had been allowed to fail the industries of the Colony would have been paralyzed. Moreover, the bank was not only insolvent, it was saturated with fraud. The corporation directors had been paying dividends which were not earned, and large losses had been incurred through loans the directors had made to themselves, not only on insufficient security, but under circumstances which, when the facts become known, caused some of the stockholders to threaten criminal proceedings.

The democracy prevented the panic the private banker had prepared, and has managed all the millions of cash and credit with "absolutely no corruption, political or ministerial."

New Zealand has a bank the people know all about. She owns in her own right the most important piece of machin-

ery in the commonwealth, the heart of the financial system, on which largely depends the inflow and outflow of the country's commercial blood, an economic function hardly less important than the national defense against a foreign foe.

CHAPTER XXI.

NATIONALIZATION OF CREDIT.

GOVERNMENT LOANS AT LOW INTEREST TO FARMERS, TRADERS AND WORKINGMEN.

*Big Manufacturers and Capitalists Also
May Borrow from the State on the
Same Terms as Small People.*

NO DISCRIMINATION AGAINST THE WEALTHY

The same year (1894) that established compulsory purchase of corpulent estates gave birth to the Government Loan Office, which lends public funds to farmers, laborers, business men, etc., at low interest and on easy terms—another move in the process of nationalizing credit, some elements of which were noted in the last preceding section.

The situation in the early nineties naturally led the people and their Representatives to look to Government lending as a means of relief from, and protection against, excessive interest and unreasonable conditions. In spite of falling prices and industrial depression, the banks and money lenders would not reduce the rates of interest, but rather increased them. The farmer's income was on the diminishing, while his interest was on the increasing. In this predicament it occurred to him that the Government, his Government, the great firm in which he was a partner, could borrow at 3 or 3½ per cent, instead of the 6 or 8 per cent or more he was paying, and that he might as well do his borrowing through the firm. Rolleston, Ballance and McKenzie had established the practice of Treasury advances to new settlers, and the principle had been enacted into law.¹ If loans could be made to new settlers, why not to old ones? If the firm could borrow at low interest, why should any partner, with fair security, be compelled to pay high interest?

So a law was passed² for the raising of money to be loaned on freehold or lease-

¹ The Land Act, 1892, in the section dealing with Village Settlements, authorized the Treasurer to advance money to enable such settlers to occupy their allotments profitably, and no limit was set to the loans.

² "Advances to Settlers Act," October 18, 1894. The policy of Government loans at low interest was proposed in the financial statement, and later a bill for the purpose was pushed by the Hon. J. G. Ward, now Minister of Railways. Interest was too high. Tho it had gradually diminished in preceding decades as prices had fallen and capital increased, it was still exorbitant, and had recently advanced somewhat.

⁴ It is not committed to State Socialism at all, as we shall see hereafter.

hold interest cleared of incumbrances and free of any breach of condition. The loans are on first mortgage of land and improvements. No loan is to be less than \$125 or more than \$15,000, and the sum of the advances to any one person must not exceed \$15,000.

DETAILS OF THE PLAN.

The advances are of two kinds, fixed loans and instalments loan. The first may be for any period not exceeding 10 years, and the principal is due at the end of the term. The second is for 36½ years, and part of the principal is to be paid each half-year. Interest in both cases is at 4½ per cent if paid within 14 days of the time it is due (5 per cent if payment is not prompt), and in case of instalment loan 1 per cent more is to be paid for the reduction of the principal, making a total of 5½ per cent on the face of the loan for interest and repayment of principal (or 6 per cent if the payments are not prompt).

The payments are half-yearly, so that a borrower, on the instalment plan, pays at the most \$3 on the hundred every half year to settle the interest and cancel the loan in 73 payments, or 36½ years. The same sum has to be paid every half year, but as the principal grows less and less, the part of the payment needed for inter-

est diminishes, and the part added to the sinking fund increases. After the 22d year more than half of each payment goes to wipe out the principal. The borrower may pay in \$25 or any multiple of that sum at any time to be applied on principal or interest as he directs, and in case of an instalment loan he may, at any time, pay off the whole balance of the debt, but with a fixed loan such full settlement can only be made at one of the half-yearly dates.

Fixed loans must not exceed half the value of the security. Instalment loans may be half the value of the lessee's interest in case of leasehold security, but may be three-fifths of the value of the security if it is a freehold. Absolute secrecy is guaranteed the borrower. The law forbids the officers of the Advances Department to divulge particulars about value, business, income, loan, etc.

WHAT THE MONEY POWER THOUGHT OF IT, AND THE NET RESULTS.

Of course, the capitalists who were getting 7 and 8 per cent or more for loans had conscientious scruples against the Government's lending at low interest; at least to anyone but themselves, and especially to their customers.³ There was an outcry in England against "the cheap-money scheme," and the money power of the Colony was furious, but it could not control legislation, for the farmers owned the Government.

The law was promptly put in operation, and its manifest good sense and beneficial effects so strongly appealed to New Zealand's sister colonies in Australia that five of them have followed her example in establishing Government loans.⁴

"Many on reviewing their mortgages found they could not do it except on higher terms than formerly." It was bad enough for the mortgaged farmer to have his interest remain the same while the price of his produce shrank, but to have his interest go up in face of a falling market was not to be endured. The vote in favor of the third reading was 36 to 11 in the House, October 1st, and 28 to 4 in the Senate, October 10th. (New Zealand Parl. Debates, Vol. 86, pp. 414, 647.)

Reeves says: "The average of the prices got by the farmer for his produce since 1890 has been such that 7 and 8 per cent have ceased to be endurable rates of interest." In addition to the nominal rate of interest, the borrower frequently had to pay a commission. If the loan was made for 6 months at a time, and 2 per cent commission was charged twice a year, with a nominal interest of 8 per cent, the real interest or actual price paid for the use of the money would be 12 per cent. The Government Loan Office has reduced the stated interest to 4½ per cent, and abolished commissions altogether.

The Year Book says the act "was designed to afford relief to a numerous class of colonists who were struggling under the burden of high rates of interest and heavy legal expenses of mortgages. These were established when prices of agricultural produce were high and profits large, and so long as business continued prosperous they attracted little, if any, attention. For years preceding 1894 commerce and agriculture had suffered from world-wide depression, and the high rates of interest still charged were felt to be a burden on the industry of the people not easily borne, and a hindrance to the settlement and development of the farming lands of the Colony." Parliament authorized the raising of \$15,000,000, in sums not exceeding 7½ millions a year, at an interest not higher than 4 per cent. Early in 1895, 7½ millions were raised in London by the sale of 3 per cent bonds of the New Zealand Government at prices which made the actual interest charge 3½ per cent, and the Advance Office proceeded to loan the money in New Zealand on first mortgage on land used for farming, dairying, or market gardening.

³ In the coal debate, 1901, Premier Seddon remarked that when he first sketched advances to settlers in the "Foxton speech," in 1893, he was called "a social devil" for proposing loans to farmers at low interest.

The United States Consul to New Zealand says: "The loans have been a great boon to struggling farmers, who were paying as high as 8 per cent on their mortgages. Immediately this money became available, interest came tumbling down to 4 per cent for good freehold security. . . . I need scarcely add that the large land-holders, mortgage companies and money lenders generally did not favor the cheap advances to settlers, but their opposition was utterly futile. With the advent of the one-man-one-vote and the extension of the franchise to women, the power to corporate wealth in this country appears to have been irrevocably destroyed." (U. S. Consular Reports, Vol. 53, 1897, p. 37).

⁴ West Australia, 1894; South Australia, 1895; Victoria, 1896; Tasmania, 1898; New South Wales, 1899, expanded in 1902. (The remaining colony, Queensland, loans money to coöperative sugar mills at 3½ per cent, and to meat and dairy companies at 5 per cent, but has not established a general loan office.)

The system has been adopted through nearly the whole extent of a continent as large as the United States. The total advances of the Government officers in the 6 colonies now exceeds 25 millions, over half of it in New Zealand.

More than \$11,000,000 have been borrowed in England at 3 to 3½ per cent, and over \$13,000,000 have been loaned to New Zealand farmers, traders and workmen at 4½ and 5 per cent. The fees for making papers, searches and registrations are very low, so that borrowers save in costs as well as in interest.

Such care has been exercised by the Government officers that no bad debts have been made, and the superintendent reports that the office has no securities lying on its hands. Many great private loan companies have met with disaster in the colonies; have had large blocks of property thrown on their hands, and have lost heavily, sometimes ruinously, but the Government Advances Office has not lost a debt nor a dollar.⁵ Only in one case was the Government obliged, as a last resort, to foreclose, and in that case the superintendent was able to sell without loss. At the end of the seventh year, March 31, 1902, the superintendent reported that all instalments of interest and principal due to date had been collected.

The net profits of the office are more than \$250,000 a year, or a little over \$25 for each borrower. The profits would have been still larger had the 5 per cent interest fixed in the original act been maintained, but in his budget speech for 1899 Premier Seddon showed that on the last \$2,500,000 borrowed by the Government for advances the earnings were \$125,000 a year, while the money cost the Government only \$75,000, and proposed that the people should have the benefit of this profit by a reduction of ½ per cent in the rate of interest. This was done, with a condition of prompt payment, and now the office, through the growth of its business, is again making a good profit, in spite of the reduction.

The average amount loaned is about \$1,500. A considerable number of borrowers pay before the money is due. Ninety per cent pay within a fortnight. Sixty-three per cent of the advances were wanted to pay off existing mortgages made with private lenders at high rates—7 or 8 per cent as a rule, and some higher still.

[Banks and lending companies have fallen into trouble chiefly from two causes: 1. Overvaluation of securities, and (2) runs or sudden recalls of their capital by panic-stricken depositors and investors. The Government Loan Office raises money in a way that secures it from the second, even if the superior confidence in a State institution could in any case be shaken, and the first cause is avoided by careful regulation and administration. The superintendent cannot authorize a loan. Only the Board, composed of leading civil servants, can do that; and before it grants the money it must examine not only the report of its own valuers, but the independent valuation of the Government Land-Tax Department, the valuations of which, being made for taxing purposes, have been scrutinized, perhaps challenged, wrangled over, and reduced.

CONVENIENCE AND ECONOMY FOR PRODUCERS.

When the New Zealander goes to the post office he sees this notice on the wall:

ADVANCES TO SETTLERS

THE GOVERNMENT ADVANCES TO SETTLERS OFFICE HAS MONEY TO LEND.

On Fixed or Installment Mortgages in Sums of £25 to £3000 on Freehold or Government Leasehold.

BORROWERS HAVE THE RIGHT TO REPAY LOANS PARTLY OR WHOLLY AT ANY TIME.

Fixed Loans for Any Term not Exceeding 10 years, and Instalment Loans for 36½ Years.

INTEREST AT 3 PER CENT. or 4½ PER CENT. IF PAID PROMPTLY, WITH 1 PER CENT. ADDITIONAL IN CASE OF INSTALLMENT LOANS ON ACCOUNT OF REPAYMENT OF PRINCIPAL.

ALL COSTS VERY LOW.

No Commission or Brokerage Fees Charged.

The farmer gets his money through the post office, and makes his interest payments there.

It is no longer necessary to rely on the banks and usurers. The farmer has only to go to the nearest post office to get into communication with a lender who charges no commission or brokerage, and no fees except for actual expenses; never exacts usury; does not foreclose; gives him thirty-six years and a half to pay off the loan in small instalments, but will let him pay it faster if he wishes, and when it finds itself making a profit, gives him the benefit by reducing the rate of interest. And even if the farmer does not borrow from the Government, he is helped by the new departure, for outside interest charges came down on the run when the Government office got ready for business in February, 1895. Other lenders had to reduce their rates or leave the field.⁶

It is estimated that the entrance of the State into the money market has made an average reduction of 2 per cent in the interest charge on over \$300,000,000 of debt, saving \$6,000,000 a year to the producing classes.⁷

⁵ Government returns for the year ending April, 1895, and April, 1900, show the change. The bulk of the mortgages registered in the former year were at 6 to 8 per cent, while many were at 9 and 10 per cent. These were the rates on registered mortgages, secured on the best real estate in the Colony. The interest demanded on second and third-class securities was, of course, still higher. In 1899 the bulk of the mortgages were at 4 to 6 per cent, and the loans at higher rates were few, altho the years from 1895 to 1899 were years of rapidly-growing prosperity. Till the Advances Act struck the market, the legal rate of interest allowed by courts of justice on unpaid debts was 8 per cent. It was then reduced to 6.

⁷ A similar saving in the United States in the same proportion to population would mean about \$600,000,000 a year in the pockets of farmers, workers, and business men who are paying interest on private loans. The Government can borrow at 3 per cent or less, and 1 per cent more

Without a cent of cost to the tax payers, thousands have been relieved of the over-weight of debt. Capital gets a less return and labor more. The law has put the dollar down and manhood up.

The nationalization of credit has proved almost or quite as important as the nationalization of land.

CHAPTER XXII.

THE MONEY RING AND THE LAND RING "SMASHED."

Thus the State took the right-about-face on taxation, land and lending. The poor still pay taxes—as indeed they should pay something toward the support of the Government, if it treats them fairly and gives them a chance to make a decent living—but there is no longer a premium on monopoly and speculation, nor a penalty on industry and enterprise. There are still overgrown estates in New Zealand, but the tide has turned. The movement is no longer toward the concentration of land, but the contrary. There is still private lending, but the people's banks and offices control the business. Cash and credit had been the monopoly of the rich; now the people manage the machinery of finance, and use the cash and credit of the Government to get loans for themselves at low rates, and break down the monopoly of the rich. Credit is a public utility operated by the State.

Graded taxation and public ownership of land and credit go far toward solving the problem of monopoly. The new land and tax laws, instead of protecting and aiding monopolies, carry the dynamite to burst them up. These laws "smashed the land ring," and the Government loan and banking laws "smashed the money ring." And they did far more than that; they set up a steady constructive movement in the direction of wealth diffusion, public absorption of capital, and the nationalization of the soil, which is the avowed policy of the Government. The Minister of Lands has declared that he "would like to see the time when all the lands of New Zealand were nationalized," and William Rolleston, a leading Conservative, said in the last campaign (1899): "We shall never have national prosperity in New Zealand until we nationalize every foot of its land."

Progressive taxation with improvements and small holdings free, the resumption and division of estates, limita-

would probably cover the cost of handling. So that our people might borrow the money they need, in the firm name (the name of the Government or the great firm of the People & Co.) at a total cost of 4 to 4½ per cent, instead of paying 5 to 8 per cent in different parts of the country for long-time loans and more for short loans. Multitudes of small people, of the classes most in need of relief, would be benefited, and the weight of money in relation to life would be diminished.

ion of area, and leasing instead of sale, supply machinery that enable the State to take unearned increment of land values, acquire the ownership of the soil, encourage the beginnings of wealth, break up monopolies, and make it very difficult to acquire an overgrown fortune. The time is probably not far distant when it will become clear that it is of no use to attempt to be any kind of a big monopolist in the land of the graded tax. Moreover, it is easy to increase the pressure of the land and income taxes in the upper regions, so hastening the equalization of wealth and securing additional funds for the State purchase of monopolies and other public purposes. The train of events is not only moving in the direction of wealth diffusion and state ownership of the land, but the speed of the engine can easily be increased, and it is the intention of the engineer to put on more steam in the near future. "There is no point more firmly fixed in the popular mind," says Mr. Lloyd, who had special advantages for forming a judgment in the matter, "than that these taxes shall be increased until they have done the work for which the reform was begun."

CHAPTER XXIII.

OTHER MOVEMENTS OF THE LIBERAL YEARS.

The Liberal Ministry did not confine its attention to taxes, land and credit. Many other reforms were considered in this first triennial, 1891-3, and a number of measures were drafted and pushed in Parliament. From the start the Government aimed to improve the conditions of labor. The movement to substitute coöperative labor for the contract system; to lift the life of factory, shop, and mining workers; and to banish strikes and establish universal arbitration; was developed by Premier Ballance and his colleagues from 1891 on, side by side with progressive taxation and the land laws. Woman suffrage and other electoral reforms were also favored from the first. An effort was made to simplify judicial procedure, and rid the law still more completely from technicalities. Vital changes in the railway management were proposed, and many other measures more or less important were vigorously discussed.

Some of the labor laws were passed in 1891-2 with the progressive tax and the land act; and woman suffrage, with some other electoral reforms, was attained in '93. But with these exceptions, the policy of the Government so far as it depended on legislation, was for the most part held in check till 1894. This was due to three things. The Conservative Senate was naturally inclined to hold up the Liberal bills, at least till it could see how the people would vote in 1893. Poli-

cies on which the people had already pronounced in the elections of 1890 might be allowed to pass, and measures which possibly would disgust the people or help in any way to defeat the Liberals, might be indorsed, but the rest should wait—maybe the vote of '93 would clear the air and put the Conservatives in power once more—at any rate it was not wise to pass so many important bills till the people had had a chance to say what they thought of them.

Besides this blocking attitude of the Senate, there were difficulties in the House. First, the necessity of time and repeated discussion to unify the members on the details of important bills, and second, the fact that the Prohibition question took possession of Parliament in 1893, and swept aside every important policy measure except the Electoral act. An equal suffrage act was passed, and a liquor law. The rest of the Liberal bills went over and piled up in the statute book of 1894 like the tides in the Bay of Fundy. The elections of '93 nearly paralyzed the Opposition in the House, and convinced the Senate that the people wanted the pending measures passed—the temperance folks were resting on their arms, polishing up their bayonets and getting back their wind—and so the way was open for industrial arbitration, Government loans, compulsory repurchase the railway bill, and the rest, to be enacted.

Some of these institutions have been described already; others occupy separate compartments in future chapters; a few brief matters will be dealt with here, relating to 1892-3.

COURTS OF JUSTICE; REMOVAL OF TECHNICAL DEFECTS.

In 1892 a law was passed to get rid of the difficulties, injustice, and expense caused by legal decisions based on technical defects. Cases are to be decided on their merits, and no man is to lose his rights because of any technicality. The law explains itself. It declares that: Whereas, in many cases great expense and frequent failures of justice have been occasioned by the fact that warrants, orders, or judgments have been quashed on appeal for technical error, and it is expedient that all legal questions should be determined on their merits; therefore, Be it enacted, that in case of such appeal the court before which it is brought, may on such terms as it deems best to as costs, amend such warrant, order, or judgment, and adjudicate as if no omission or mistake had been made.

THE ELECTORAL BILL.

The electoral reforms so earnestly desired by Ballance—equal suffrage for men and women, and further safeguards

against multitudinous voting—after being twice wrecked in the Upper House, were passed in 1893. The one-man-one-vote principle was adopted.

COMPULSORY VOTING.

This provision is intended to put pressure on electors to insure regularity in the exercise of the franchise by attaching a penalty to any failure to vote without good excuse. If an elector, who is not a candidate at a general election, nor prohibited by law from voting at the election, fails to vote at such election, his name is expunged from the voting list; and unless he appears and excuses the neglect to the satisfaction of the court, he loses his vote at the next election.

This system was put in practice at the end of 1893, the rolls being purged by striking off the names of all who had not voted at the general elections of that year, and the process has been enforced under the law ever since.

CHAPTER XXIV.

THE LABOR DEPARTMENT.

The interests of labor have received no less attention than land, taxation, credit, and the electoral laws. In fact, in the truest sense, the land and tax and credit laws are labor laws, for they all advance the interests of the farmers, and artisans, and other working classes, and cut the ground from under their opponents. But in the narrower sense of labor legislation the Liberal Parliaments have been very active also.

In May, 1891, a deputation headed by the members for Wellington waited on Premier Ballance to urge that the Government should deal with the problem of the unemployed. The Premier had with him the Hon. Wm. Pember Reeves, Minister of Justice and Education. During the discussion the suggestion was made that the Government should use its officials to furnish reports from the country districts, where there might be a demand for workmen, and so enable the idle workers crowded in the cities to know where work could be had. Minister Reeves caught at the hint, and at the Premier's request took the matter in hand. From the incident grew the Labor Bureau of New Zealand, which has been copied in each of the five continental colonies of Australia.

The New Zealand Labor Department has at its head a Labor Minister, who is a member of the Cabinet. The Department has four functions:

First, It relieves the unemployed by aiding them to get work.

Second, It acts as the channel through which the Government obtains manual workers for the public service.

Third, It inspects factories and shops, etc., and sees that labor laws are enforced.

Fourth, It publishes a monthly labor bulletin.

The collection and publication of statistics is not neglected, but the *first* duty of the Department is to find work for workless men. Its public employment bureaus have become one of the most helpful features of New Zealand life. The chief agents in this work are the factory inspectors, and the smaller agents are the policemen. The policemen all over New Zealand are on the lookout for opportunities for employment to be reported to the labor bureaus. The main object is to get the workless out of the cities and larger towns, and into the country districts where they are needed. There is work somewhere for every reasonably-efficient and fairly-decent man if he only knew where to look for it. But left to himself the impoverished workman out of a job and out of money does not know where to go. So the Government, his Government, the great coöperative association to which he belongs, steps in and helps him to find work somewhere in the public service, or with some private employer who has applied to the bureau for a supply of labor, or who is reported as needing help. And to smooth still more the path of honest industry the Department gives the men passes on the State railways. They undertake to refund the fares out of their earnings, and if they go into Government employ, the fares are afterward deducted from their wages. The Government, it is thought does enough for them in giving them work at good wages and advancing their fares. But when the unemployed go at their own risk to look for work in some outlying district it is not usual to require them to refund the railway fares.

The first 12 months the Department found work for 2,974 people, 2,000 being placed in private employ, and 974 in Government employ. In the 5 years from 1891-96, when work was slack, the Department placed over 14,000 deserving workmen, sending 8,981 men into Government employ, and 5,139 to private employment. From June, 1891, to April, 1902, the Department found work for 28,700 men with 64,900 dependents.

The Labor Department, Police Department, Land Department, and Public Works Department, with its railways, roads, water works, and building operations, all coöperate to find work for the unemployed, and settle the workers on the land with homes of their own.

CHAPTER XXV.

LABOR AND THE LAND.

The placing of labor on the land has always been one of the great objects of New Zealand Liberals. Ballance began

the work on a permanent basis in 1886, and McKenzie continued it in 1891 and succeeding years.

The Land Department allows a man to take a lot of 10 to 200 acres on lease in perpetuity in one of its 46 or more "improved-farm settlements," remits or abates the payment of rent till he is able to pay it, advances money up to \$50 for a single man, and \$150 for a married man, to help him build a home; and gives him employment in coöperative groups on half time, making roads or constructing railways or other public works near by, so that he can make a living while he is clearing and planting and raising a crop; or it will pay him wages for clearing and sowing his own land, adding the advances to the capital value of the land on which he is to pay rent.

This is McKenzie's pet idea, but village settlements and special settlements, like those started sixteen years ago, are also provided for by the present land laws, and are still developing. By such means the unemployed are given work and homes, and the poor from the slums of the cities are deposited on the land. According to the last report (1902) the improved-farm settlements, village-homestead settlements, coöperative associations, and other special settlements that have grown out of Ballance's efforts to afford employment and settle labor on the land, contain in all about 15,000 people, occupying over 200,000 acres. A similar movement in the United States in proportion to population, would give us labor and coöperative settlements containing nearly a million and a half of people, and occupying 20 million acres.

The Government outlay for each "village settler" is \$30, for each "improved-farm settler," \$680, and for each tenant of the repurchased estates, \$5,000. The average area is much greater in the latter class, and the figures represent improvements as well as land-value. But the small cost of village-settlements, and the splendid service rendered by the settlements and the workingmen's hamlets in attracting out of the city on to the land the class of people most in need of fresh air and sunlight, attaches great interest and invites peculiar attention to these methods.

The people are healthy and contented, living in happy homes beyond the reach of want, and the public Treasury has made a profit from the venture. No charity was inflicted upon these people. The Government gave them nothing but a chance to earn their living. No food & clothes or money was given them; advances were made to them but they had to pay for everything in the end. The result has been that their character as well as their comfort has been improved, and

they are earnest, independent, self-respecting, hard-working citizens.

CHAPTER XXVI. THE STATE FARM.

To help men who are out of employment and to aid in transforming non-effective into effective labor, a State farm has been established at Levin under the management of the Labor Department. Eight hundred acres of heavy forest and scrub were assigned by the Land Department for the purpose. The unemployed were put to clearing off the timber, working coöperatively on good wages. The sales of timber and produce, the value of the improvements, and the rise of land values have recouped the cost of the enterprise; and many families have been supplied with temporary homes, and their bread-winners changed from uneducated and inefficient workmen into skillful, self-supporting, and self-respecting workers able to get employment anywhere.

The majority of the tenants are elderly men who never learned to farm or to do anything else in good shape. They are taken to the farm with their families, taught to use the axe and the spade in coöperative groups, instructed in the science of agriculture, and changed into excellent workers, who take up land themselves or get good places outside.

The scheme is very similar to one of the parts of Gen. Booth's plan. I have seen in the General's shops in England groups of workmen of the same class that go to New Zealand's State farm. The purposes are the same also—employment for the unemployed, industrial education, and the graduation of class after class of well-trained experts, if possible, or self-sustaining, competent workmen at the least. The principal difference is that in New Zealand the Government has taken vigorous hold of the work of caring for the unemployed, and so it is done on an adequate scale. Whereas in England the Government has been too much occupied with schemes of power and money-making to give any attention to so trifling a matter as helping working people get a living, and become good self-sustaining citizens. So General Booth has been left to wrestle with the problem of cleaning out and renovating the products of English slums, which, with the means at his disposal, is much like bailing out an ocean steamer with a tin cup.

If Governments did their duty by the children of each generation in the way of industrial education there would be no need of State help for elderly inefficiency; but so long as the present system, or lack of system, endures, the State should make provision for the non-effectives. If the channels are left unguarded so that ships

may go upon the rocks, there should at least be some life stations to save the shipwrecked sailors.

CHAPTER XXVIII.

THE FACTORY LAWS.

Factory legislation began in New Zealand away back in 1873, when Vogel was Premier, but the splendid laws that have lifted the 50,000 operatives of New Zealand far above the factory workers of other lands in general comfort and condition, belong to the recent Liberal years.

In September, 1873, with almost no debate or objection, Parliament passed a bill embodying the principle that no woman or girl should work more than 8 hours a day in a workroom, and that the employment of a single person of the weaker sex in working on articles for trade or sale would make the place "a workroom" within the meaning of the law. It also prohibited factory work for females at night, and between 2 o'clock Saturday afternoon and 9 o'clock Monday morning; provided that the regular day should not begin before 9 a. m. nor end later than 6 p. m.; and secured four full holidays in the year, all without loss of pay. It was further enacted that "All workrooms shall be properly ventilated." The law did not include piece workers nor shop women nor males of any description, but a beginning had been made and the fundamental principles of factory regulation recognized.

In the next twelve years a few small amendments were made. Piece workers were put on the same footing as workers. Children between 10 and 14 were put on half time, and in 1881 the factory age was raised to 12 years. Boys under 18, as well as females, were not to work at night, nor over 8 hours a day.

In 1889 the sturdy Scotch of Dunedin were startled to find that the sweating system had established itself among them. Seamstresses were working intolerable hours for starvation wages. Merchants under stress of competition were giving out contracts to small firms or individuals who set up little workshops employing handfuls of women and girls. Goods were also given to solitary outworkers. The class who looked to sewing for a partial support or for pocket money were the worst enemies of the drudges who had to live by the needle's earnings. The wages of finishers and sewing-machine women had fallen 23 per cent, and with some of the outworkers the fall was greater still. In some factories women could not make over 36 cents by working all day and taking work home to fill the hours till midnight. More fortunate workers, by finishing 2 or 2½ dozen cotton shirts a day, could make \$3 or \$4 a week

by working every day and every night and Sundays.¹

The *Otago Daily Times*, one of the ablest Conservative papers in New Zealand, exposed the situation, and public sentiment was aroused, not only in Dunedin, but throughout the Colony. A committee of leading men was formed to devise means of abolishing the evil. They set to work to awaken a public demand for an effective factory law, and to organize a local union of the tailoresses. The union came first, and with public sentiment back of it, secured much better wages and conditions for the sewing women of Dunedin.

In 1890, as a result of the Dunedin-agitation, a Royal Commission was appointed to inquire into the state of labor and industry, and its report led the Atkinson Government to lay before Parliament a Factory and Shops Bill somewhat on the lines of a very unsatisfactory act that had been passed in Victoria in 1885. The portion of the Bill dealing with factories, much amended and improved, was passed by the Progressive Parliament that came into power in 1891. In 1894 and 1896 other important factory acts were passed, and in 1901 the whole law of the subject was revised, improved, and consolidated.

WHAT IS A FACTORY?

The law of New Zealand defines a *factory as any room or place where two or more persons are employed, or where there is machinery driven by artificial power for preparing articles for sale or trade, or packing goods for transit.* Every bake-house and every laundry is a factory, as well as woolen mill or a shoe shop. The occupier of the factory is counted as one of the two persons required to constitute a factory, except that a man and wife working together are counted as only one. This definition makes the smallest work rooms factories within the regulative provisions of the law.

AGE, HEALTH, EDUCATION.

Children under 14 may not work in factories. Inspectors may grant permission for younger children to work in the smallest kind of factories, but permission is seldom given. No girl under 15 can be employed at typesetting, nor under 16 at any work in a place where dry grinding in metal works, or the dipping of lucifer matches, is going on, or in brick or tile or glass works, etc.

Between 14 and 16, in order to work in a factory, children must have a certificate of

physical fitness, and must have passed the fourth standard in the public schools, or an examination equivalent to it.

GENERAL CONDITIONS.

The law requires good ventilation, ample air space for each employee, fresh drinking water, and proper times and places for meals. Every factory must apply proper sanitary arrangements, and must be kept clean. Machinery must be well guarded and safe, and fire escapes must be provided. Other provisions relating to holidays, hours, wages, sweating, etc., are so novel as to warrant description in some detail.

HOLIDAYS AND HALF-HOLIDAYS.

Women, and boys under 16, are entitled to 6 whole holidays per year, and the factory must give a half-holiday beginning at 1 p. m. one afternoon each week, which must be given to piece workers as well as time workers, and without deduction of pay in case of the latter. In practice about all the factories close on Saturday afternoons. The law is firmly enforced. A man cannot even keep his own daughters working in the hours that are made theirs by the factory acts.

HOURS.

The hours for females, and boys under 16, were limited to 48 a week by the earlier laws, but the act of 1901 reduced the time to 45 hours a week (except in woolen factories, where 48 hours are allowed), and a woman or child is not to work over 8½ hours in any one day,¹ nor more than 4½ hours continuously without at least ¼ of an hour for meals and rest, nor after 1 p. m. of one working day each week, nor at night (from 6 p. m. to 8 a. m.).

The act of 1901 declares that with a few specified exceptions,² no male worker shall be employed in or about a factory for more than 48 hours a week, nor over 8½ hours in any day, nor more than 5 hours continuously without an interval of at least ¼ of an hour.

The earlier laws did not directly provide short hours for men, but confined their attention as to hours to women and children. The old regulations, however

¹ With the written consent of an inspector, a woman or boy may work overtime not exceeding 3 hours a day, nor more than 2 days a week, or 30 days in a year, and not on any holiday or half-holiday.

² Men engaged in getting up steam for machinery, or employed in bacon and sausage-casing factories or creameries, fish-curing and preserving works, freezing works, jam factories, or canning factories, felt works and fellmongeries are excluded from the 48-hour provision.

Awards of the Arbitration Court establishing hours after the passing of the Factories Act (1901), may override the 48-hour section. And in January, 1902, the Court, with the consent of masters and men concerned, fixed the hours for the bakers in Auckland at 9 per day.

The Arbitration Court may also award hours shorter than those provided for by statute, and has frequently done so, as we shall see in a future chapter.

¹ Investigation of the skirt makers and sewing women of Auckland in 1892 showed average wages of \$2.50 a week. Some young women who had been years at the trade, and were good workers, only received \$2.25 a week, and the hours were very long.

respecting women and children had the effect of securing a practical 8-hour day for the great majority of workers, men as well as women, because most factories and workshops could not be run to advantage without the women and children. But there were exceptions until the recent enactment carried the law to its logical conclusion.

When we consider that the hours and conditions of labor determine the amount of leisure and vitality the workers are to have left for social intercourse, intellectual improvement and civic thought and activity, we may get an inkling of the measureless importance of these labor laws in their relation to civilization and government, especially in a democracy.

ABOLITION OF THE SWEATING SYSTEM.³

For the extinction of sweating the Factory Acts afford publicity and limitation of outwork, while the Arbitration Law offers full relief through thoro regulation of wages and conditions for any body of workers who choose to organize and avail themselves of its provisions.

The Factories Act of 1891 required full records to be kept of all work done outside the factory, names and addresses of the workers, quantity and description of work, and remuneration received for it, and these records were subject to the scrutiny of the Government inspectors.

In 1894 it was further provided that a label should be affixed to all articles made outside, so that the purchaser might know exactly the conditions under which they were manufactured. Every merchant, agent or distributor who issues any textile material to be made up by piece workers or home workers into articles for sale, comes within the law, whether he has a factory or not.

The label, which must not be less than 2 inches square, is in this form:

MADE BY FLORENCE DONALD

at No. 10 Hanover Street
in a

PRIVATE DWELLING
or

UNREGISTERED WORKSHOP

Affixed under the Factory Act.

Any person unlawfully removing or defacing this label will be prosecuted.

Such a label must be attached to all textile goods made or partly made in a dwelling or unregistered work room, and must not be removed before the clothing is sold. Failure to affix such a label where required by law is punishable by fine as high as \$30 for each offense, and improper removal of a label is finable up to \$100.

³The term "sweating" is applied to the employment of men, women, or children in dwelling houses to make clothing, cigars, or other articles at starvation wages.

The act of 1896 declares that if the occupier of any factory lets out textile work to be done outside, it shall not be sublet or done anywhere except on the contractor's own premises by himself or his own workpeople to whom he pays wages; and no one employed in a factory or work room is to do work for such factory anywhere else than in the factory.

All the provisions above stated are consolidated in the Factories Act of 1901

BOYS AND GIRLS PROTECTED.

WAGES SECURED TO YOUTHFUL WORKERS.

A practice near of kin to sweating is that of employing girls and boys without pay on the plea of teaching them the business or some similar excuse, and after a time discharging them and filling their places with new workers on the same plan. Factories and stores would engage girls and boys for three months or so, telling them that they could not expect pay till they got some experience and learned enough of the business to be of value to their employers, then they would be paid. At the end of the three months or other period of sham apprenticeship, they would let the young people go as not being worth anything, or on some other ground, and take a fresh lot on the same terms. Such methods are unfair to the workers, and to honest merchants and manufacturers, and are condemned by rightminded people in America as well as in New Zealand. But New Zealand has gone further than condemnation—she has abolished them.

In 1895 it was found that 591 factory girls were working without pay, and 175 for 60 cents a week or less. In 1898 the number of unpaid young girls had risen to 872, of whom 733 were supposed to be learning dressmaking or millinery. In 1899 the Employment of Boys and Girls Without Pay Prevention Act was passed, forbidding the employment of young people without pay, and providing that the wages of boys and girls under 16 should not be less than 5 shillings (\$1.25) a week, with an annual increase after that age of 3 shillings weekly until the age of 20. This is for the 8-hour day, and irrespective of overtime. Wages must be paid in full at least once a fortnight, and no premium for employment or apprenticeship may be given or taken.

These provisions are incorporated in the Factory law of 1901, but, like the clauses against sweating, they apply to a much broader field than factory life, and they are carefully enforced throughout the Colony by the earnest inspectors of the Labor Department.

INSPECTION AND ENFORCEMENT.

Every factory must be registered and is subject to rigid inspection by State officers. There is a chief inspector and 163 local inspectors, one for each district.

They may examine a factory at any time, and the manager must give all information that is desired about the workers, machinery, etc. A record must be kept of the names, occupation, hours, and wages of each employee, and the age of those under 20, and this record must be open to the Labor Department inspectors at all times.

Effective inspection began at the opening of 1892. Many factories were found to be too crowded, not enough air space, poor sanitation, etc. In many cases women and children were working long hours for low wages, boys and girls sometimes without pay. Within three months the inspectors had stipulated for improvements and alterations in 913 factories, and by 1896 excessive hours and bad sanitation had been pretty well hunted out of factory life in New Zealand. The extermination of sweating and the quasi-theft of child labor proved a longer task, as we have seen. There is still work for the factory inspectors to do, but the worst evils have disappeared, and others are fast disappearing under the pressure of the Liberal laws.

Most of the employers are ready and willing to deal fairly with their employees, and very glad to have the law control the conscienceless few who would otherwise break down fair conditions by ruthless competition. After the housecleaning was over, the clearing out and rearranging necessitated by new legislation, things have run on smoothly for the most part. The great Labor Minister, Wm. Pember Reeves, bears frank testimony to "the general good humor and honesty with which most employers have accepted and complied with recent restrictive laws"—factory and shop laws, industrial arbitration, etc.

Against the few fractious people who do not adjust themselves to the labor laws the fines and penalties are vigorously enforced, and they soon discover that the laws are not dead letters, and the inspectors cannot be trifled with, evaded, bullied, or bought. Here are some of the cases under this section and the next: An employer fined \$40 for working his girls overtime for two successive weeks. Another fined \$10 and costs for not allowing one of his female employees a full hour for her dinner. A baker who kept his own daughters working all night one time, was arrested as soon as the inspectors learned the fact, and charged \$5 for each girl, with the warning that the next time it would be \$50. A restaurant keeper who worked his waitresses overhours one day was fined \$36, etc., etc. Nevertheless, the laws are liberally interpreted, and administered with common sense. If there were an unexpected crowd of people in town or other emergency requiring extra work in bakeries and restaurants,

etc., and no time or opportunity to secure extra help, an employer asking his workers to serve overtime, and treating them right as to extra pay, and time relief on succeeding days, would not be molested. It is the people who disregard the spirit of the law who have to pay the fines.⁴

No doubt there were breaches undiscovered. No law is perfectly obeyed. But incalculable good has been done already. And the law is likely to be more perfectly carried out each year, for the inspectors learn where to expect violations and watch for them, and the sentiments and habits of the whole people tend to grow into harmony with just and useful laws that are steadily enforced.

There is a tremendous contrast between the sickly, jaded, frowsy, overworked and underpaid girls in some of the mills and factories (not to speak of the sweatshops) of this great country, where they are working ten, eleven, and even twelve hours a day (in dingy, dirty, ill-ventilated rooms), ignorant, coarse, and inefficient, because deprived from childhood of reasonable opportunities of culture and development—a tremendous contrast between these girls and the healthy, rosy-cheeked, well-paid, well-dressed, well-bred, well-educated mill girls of New Zealand, working 8 hours a day with a weekly half-holiday, and lady inspectors, liberal laws, and an Arbitration Court to guard them against abuse, and still further improve their condition.

Some American travelers in New Zealand have been specially struck with the rosy, healthy mill girls happily at work or merrily riding to and from the factories on their cycles. And the eminent judge sent to New Zealand from New South Wales to examine the working of the Arbitration Law could not refrain in his report from enthusiastic praises of the factory system. Speaking of his visit to an Auckland shirt factory he says: "It was one of my pleasantest official sights, to see the large number of healthy girls working under conditions which seemed almost perfect. Incidentally, I would pay my tribute of admiration to the excellent provisions of the Factories Acts which result in this state of things being normal with all the operatives."

CHAPTER XXVIII. THE SHOP ACTS.

If there is an occupation in which long hours are an absurdity from every point of view, it is that of the ordinary store-keeper. In the case of factories and

⁴ In cases where the broad rules of the statutes would not work well, the inspectors may grant permission for overtime, etc., within moderate limits; and the Arbitration Court, by an award adapted to the specific conditions of the trade, may entirely depart from the statutory rules.

farms, it is possible to argue that more product and more profit may be secured with a long day than with a short one. But it is not possible to argue that the customers of ordinary shops will buy less if they have to do their buying in fifty hours a week instead of eighty. If some shops close early and others do not, the former may lose some custom, but if all the stores close early business is not lost but simply condensed into fewer hours. Restaurants, soda fountains, and similar places of amusement and recreation, are of course not included in the phrase "ordinary shops." Ordinary retail shops are not wealth producers, but simply distributors. No nation is richer because competition and lack of organization drive its shopkeepers to make prisoners of themselves and slaves of their employees. On the contrary it is poorer by just the amount of benefit that would result to shopkeepers and assistants, and indirectly to others, from the leisure for health, culture, social development, etc., afforded by closing one afternoon in each week and a few hours before bedtime on other days.

Such considerations and the desire to do as well by the shop assistants as by factory employees, led Wm. Pember Reeves, the Labor Minister, in 1891 to plan and push a Shop Assistants Act.¹ There were many difficulties. Druggists, fruitsellers, fishmongers, eating houses and places of refreshment must keep open. Photographers and hairdressers would be seriously injured by closing on holidays, and the public would be inconvenienced. And as Mr. Reeves says: "No ruler less powerful than a Czar may meddle with the sale of newspapers." After the vendors of perishable goods are provided for, and the holiday traders, and the dealers in urgent necessities, the question of the country store must be met. The struggling tradesman in the rural districts, keeping store by himself or with the aid of his wife or daughter, must not be harassed with imitations inapplicable or unnecessary under the conditions of his business. And the convenience of the public must be duly regarded, and justice done to traders of all classes both in city and country.

¹ In his efforts to secure better conditions for commercial employees, Mr. Reeves had the sympathy of many of the storekeepers, who saw the value of early closing. Over and over again agitations for voluntary early closing had enlisted the support of a majority of the store-keepers of the locality, and were only beaten by the unfortunates. Legislation was only resorted to after the failure of many attempts to secure early closing by voluntary agreement. When it is once made plain to the average storekeeper that his business will not suffer by having it done within reasonable hours, he becomes a friend of early closing. If it had not been for this the new legislation could hardly have been secured, for the shop-keepers are so numerous and strong that, if united against the law, they could probably have held it off for many years at least.

An Early Closing Bill passed the House in 1891, but was rejected by the Senate, and provoked so much opposition in the country that the Government was satisfied to try for weekly half-holidays, with shorter hours for women and children, and seats for shop girls. Mr. Reeves got a piece of his law enacted in 1892, and another piece in 1894, but it was not till 1895, after a five-year tussle, that the Legislative Council allowed the complete law to go on the statute book.

PRINCIPAL PARTS OF THE FAMOUS SHOP LAW.

The main provisions of the law are as follows:

1.—*Short hours and early closing.* Females and boys under 18 employed in stores are limited to 52 hours a week, and to 9½ hours in any one day, exclusive of meal times. This means that as an hour is given (and must be given under the law) to the midday meal, stores which open at 8 a. m. must let the women and children stop not later than 6.30 p. m., which practically compels the stores of cities and towns to close at supper-time. Overtime is allowed on 40 days a year for not more than 3 hours a day.

The law requires (in a clause added by the Senate) that all banks and merchants' offices (other than shipping, tramway, and newspaper offices) shall close at 5 p. m. on ordinary days, and at 1 p. m. on Saturday. But the clerks may work overtime for 10 days a month 3 hours a day, and two half-yearly periods of 4 weeks each are allowed for making up the accounts—at these times the regulation is suspended.

2.—*Weekly Half Holiday.* Stores in cities, boroughs, and town districts (and banks and merchants' offices as above) must close at 1 p. m. one afternoon each week. In weeks that contain a public holiday the statutory half-holiday is waived, the public holiday being a sufficient fulfilment or substitute. The day on which the stores and offices shall close at 1 o'clock may be selected by the local council. The local authorities usually select Wednesday or Thursday, hardly ever Saturday, which is market day, the farmers' day in town, and also the factory workers' holiday. Out of 105 districts only 2 chose Saturday in 1901. Shopkeepers, however, have the right to close Saturday if they choose, instead of the day chosen by the town council. Only a few do so. If Saturday is the appointed day, butchers, barbers, and photographers may choose some other day.

The local authorities have power to change the factory holiday to the same day as the shop holiday, but they do not. The factory hands take their weekly recreation on Saturday, and the shop assistants as a rule on Wednesday or Thursday.

Chemists, fruiterers, and confectioners' shops, railway bookstalls, hotels and restaurants in towns, and all shops in the country are exempted from the closing law, but all the assistants employed in them must be given a half-holiday on some day of the week convenient to the employer.

3.—*Seats must be provided for store girls*, and they must be allowed to use them at reasonable intervals. No store-keeper may directly or indirectly prevent their use.

4.—All stores must be kept clean and well ventilated.

The results on the whole have been excellent.²

CHAPTER XXIX.

THE EIGHT-HOUR DAY.

New Zealand is "the land of the 8-hour day." This does not mean that everybody works 8 hours, but *a very large part of the laboring classes have the 8-hour day*, and from one end of the Colony to the other 8 hours is recognized as the STANDARD WORKING DAY both in public and private service. This is due to the mingled force of industrial organization, public opinion, and law.

A dozen years ago, when the jubilee of the founding of the Colony was held, an aged carpenter rode in the foremost carriage, the honored survivor of the 8-hour pioneers. Half a century before (in 1840) on landing in New Zealand a little band of pioneers had met and resolved that 8 hours was a fair and reasonable day, and should be recognized as the working day of the new land. That was the foundation of the 8-hour movement in New Zealand. For many years the principle did not win general assent, and workers were compelled to exceed the 8-hour day; but it was never lost sight of and many especially among the carpenters and printers held sturdily to the 8-hour day, even taking low wages rather than long hours.

In 1873 the 8-hour rule was established by Parliament for all female workers in factories. The easy course of this bill through Parliament shows how general was the assent to the 8-hour principle. The enactment helped the movement by endorsing the principle, and by making it convenient for many of the factories to run more than 8 hours. In Vogel's "Handbook of New Zealand," 1875, p. 258, we read that "in all mechanical trades, and for laborers in general, the standard day's work is 8 hours."

In 1878 trade unions were made lawful, the rule against "restraint of trade" being bent sufficiently to allow the combination of workmen for the purpose of raising wages, etc. And in 1879 the

Governor received authority to grant crown lands as sites for workmen's clubs. Thus legalized and encouraged the new trade unions took up the old pioneers' idea as a cardinal item of their demands, and have unflinchingly maintained it ever since in spite of a rapidly increasing immigrant population. "To New Zealand belongs the honor of being the first country in the world where 8 hours is voluntarily a standard day for constant labor."¹

Organization and public opinion have been supplemented and enforced by short-hour laws. The Factories Acts are based on the 8-hour day. The Mining Law (1886) declares that no youth or boy shall be employed over 48 hours a week, nor more than 8 hours a day, except in case of emergency (and no female is to be employed at all). The Coal Mines Acts of 1891 made 48 hours a week's work for men, and the act of 1901 says that a miner shall not be employed underground for any longer period in any day than 8 hours, subject to existing awards of the Arbitration Court and to agreements for overtime at 1½ pay. The Public Contracts Act (1900) provides that the maximum length of the working day on any public contract, State or local, is not to exceed 8 hours. Even the shops acts, tho not yet down to the 8-hour base, have greatly lessened the hours of mercantile employees, and may in the not far distant future bring them all the way to the 8-hour standard. The Labor Department's inspectors are not satisfied with the 52 hours limit for stores. Margaret Hawthorne, one of the Government inspectors of shops and factories, says in a recent report, "I find that women and girls in the shops (stores) work harder than many people imagine. Many of the girls are quite done up at 4 p. m. when tea-time comes and are not fit for another hour and a half's work. I think 8 hours a day is quite long enough for work in such places. A regular hour for closing should be adopted."

Next to the Factory Act of 1901, that fixes 48 hours a week for men and 45 for women and children in all the workrooms of the Colony, the most important legal provision for establishing short hours is the Arbitration Law of 1894,—perhaps it is even more important in respect to short hours than the Factory Acts, because it is so much broader in its scope and so much more elastic in its adjustments—it covers substantially the whole industrial field, and the Court may decree 8 hours or less or more,—the Arbitration Act puts the force of the law behind the short day as fast as the working-people demand it and can show that; circumstances justify the order.

¹Westminster Review, Vol. 144, p. 634, December 1895.

² Further details in "The Story of New Zealand.

Women and children, however, in many occupations need the protection of a definite short-hour law much more than men, and they are the very classes least able to organize and secure the benefits of the arbitration act. It was for their relief that Parliament passed the first 8-hour clause in 1873, and it was the lot of women and childworkers that in later years roused public opinion to the need for industrial legislation. There is still something to be done in the way of shorter hours for the women and children on the farms, in the stores, and in domestic service, and the advantages of equalization and better adjustment between different occupations might be secured by a general 8-hour law with reasonable exceptions, and subject to modification by decree of the Arbitration Court to secure due flexibility. But no such general law has yet been passed by Parliament, tho vigorous efforts have been made in that direction. (The large book, "The Story of New Zealand," gives many further details, also in this connection, information concerning the relations between the trade unions and the conspiracy laws, much other labor legislation, concluding on pages 317 and 318 as follows:)

The wages of common labor are very high absolutely, and relatively to the salaries of foremen and managers, they leave America and Europe out of sight behind them. Most of the workers have always been better off than their fellows in the old world. The new soil, the fine climate, the absence of overgrown cities and the strong public sentiment in favor of thoro education of all classes of children, have given the working people a great advantage from the early years, and in recent times the trade unions and the Liberal laws together have lifted the condition of the laboring classes above that attained in any other country, and far above the general conditions prevailing in Europe or the United States; only the most advanced States of Australia that have followed New Zealand's lead in many respects can claim to have made any near approach to New Zealand's labor progress.

In this connection the following passages are of interest. Speaking of the New Zealand laborer, Edward Reeves says: "The old world terror of absolute penury is unknown to him. If there be no room for him in any trade or job, he goes on the land, to the Kauri gumfields, to the bush section, which the Government will partially clear for him, to the State sawmill in the most inexhaustible forest. He cannot starve." And he has a powerful and impartial court to protect him from injustice or oppression, and a sympathetic and progressive Government full of the representatives of the working-people—small farmers, tradesmen, ar-

tisans, and laborers—to devise new means for the improvement of his condition, and help him to help himself to comfort culture, and fortune.

Writing of what New Zealand has done for the working classes, the United States Consul to New Zealand says: "The land laws of this country are unique, having no parallel in the modern world that I am aware of. . . . The poor, the workingman and the struggling small farmer and mechanic, are relieved from the burdens of taxation as much as possible. The hours of labor are shortened to 8 per day, and to the constant worker is given a half-holiday in every week, besides at least six full holidays in the year, under full pay; thus affording him more time for rest, recreation, and intellectual development than is enjoyed by his fellow workers in any other part of the world. There is a general diffusion of wealth, no great poverty, and not a single millionaire as far as I know. . . . The men who have inaugurated these honest Christian reforms are animated by a sincere desire to promote the universal welfare, to resist the aggression of the strong, and lend a helping hand to the meek and lowly. You may call these principles by any name you choose, but the facts are as herein related. . . . The people of New Zealand are blessed beyond all others."¹

CHAPTER PXX.

INDUSTRIAL ARBITRATION,

On Demand of Either Disputant in an Industrial Difficulty. The Administration of Justice in Labor Disputes. Judicial Decision in Place of Strikes and Lockouts. Abolition of Industrial War.

New Zealand is the land of industrial peace; the first country to abolish strikes and lockouts, and establish judicial decision of labor difficulties in place of the primitive method of settlement by battle. The same prolific year ('94) that did so much for the naturalization of land and credit through its resumption and banking laws, accomplished also the judicialization of labor disputes. And of all New Zealand's far-famed achievements this is the most interesting and important a law that enables either party to an industrial difficulty to bring the matter into court and have it decided by an award with the binding force of a judgment of the Supreme Court—a law that has put an end to the battles of capital and organized labor and given the Colony unbroken industrial peace for the whole eight years since the Act went into effect.

¹ Review of Reviews, "The Toilers' Paradise, or what New Zealand is doing for Labor," Vol. 13, 1896, pp. 81, 82. See also Westminster Review, 144, p. 633.

The industrial conciliation and arbitration law provides that in any industrial dispute between organized labor and any employer or employers either disputant may demand a settlement by arbitration in place of conflict. In other words either party to such dispute may call for the administration of justice in the case, just as either party to any other sort of dispute may summon the opposing party before a tribunal for judicial decision on the merits of the case. It is mandatory arbitration, or arbitration on demand, which means simply the administration of justice extended to labor disputes.

The system rests upon two broad facts: (1) That decision by reason is better than decision by force; and (2) That there are three parties in interest in every industrial trouble, labor, capital and the public; and as the public always wants arbitration, if either of the parties desires it also, there is a majority of 2 to 1 in favor of peaceful settlement.

THE METHOD.

Local boards of conciliation were instituted with 4 to 6 members, half of them chosen by organized labor and half by organized capital; with appeal to a Central Court of Arbitration of three members, one judge elected by the labor unions, another by unions of employers, and the third (who is President of the Court, and must be a Judge of the Supreme Court) appointed by the Governor, who also fills all vacancies if workers or employers fail to elect. Wherever the workers in any trade are legally organized (any 5 can form a union and register without cost) the law takes effect.

Any legal labor union (a union registered under the trade-union act, or the Arbitration Act, or both), and any employer or organization of employers may sue and be sued under the Act, but only organizations registered under the Arbitration Act can take part in electing the members of the conciliation boards and the judges, and either party to an industrial dispute, employer or labor union, may begin proceedings under the act, after which anything in the nature of a strike or lockout becomes unlawful, and the business must continue on the old terms till the case is settled. If a strike or lockout has already begun before application for a hearing, it must stop, and men discharged because of the difficulty or their union activities must be reinstated. All concerned—employers, corporations, and trade unions—can be summoned; the whole trade in the district can be brought into Court, and the decision may be made binding on all employers and all workers, union or non-union, in the industrial district (or even throughout the Colony since 1900), and may be enforced by process against the person or

property of a delinquent in the same manner as a judgment of one of our courts of last resort. After the award the law does not compel the employer to keep on doing business, or the employees to keep on working, but if they do keep on working and doing business in that trade, it must be in harmony with the terms of the decision. And the stoppage, if one should occur, must be *bona fide*—anything in the nature of a strike or lockout to escape the award would be instantly checked by the Court. If the workers of any trade remained without legal organization, they could still strike; or if they disbanded their registered unions on due notice they could strike after existing proceedings and awards ceased to have effect, or for a cause not covered by an award; or if organized labor and its employers both got so hot that each was determined to fight the matter to a finish and neither would call the other into court, then also an old-time strike or lockout would be possible. But none of these things have occurred. The broad facts are that labor does not disband or withdraw its registrations under the Act, both workers and employers organize and register more and more each year, and strikes and lockouts have practically ceased to exist—none at all within the range of the law in the whole 8 years, and only seven petty quarrels among unorganized workmen and Government employees outside the scope of the Act.

The workers in New Zealand know they can trust the Government and the judge it selects to be impartial, and experience has shown the judgments to be so wise and fair that the Court has the confidence not only of the workers and the public but of the great majority of employers also.

The original act included all the workers in factories and mines, builders, painters, carpenters, butchers, seamen, railway men, etc., but was held by the Court in 1899 not to cover grocer clerks, street-car men, or livery-stable employees. In 1900, however, an amending and consolidating act was passed extending the act to store men, clerks, farm laborers, and all who work for wages or salaries except some employees of the National Government, most of whom are otherwise provided for. At the same time the Court was authorized to make awards for three years instead of two as under the original law, and it was further enacted that "even after its term had expired an award should continue in force until one of the parties thereto applied to the Court for a revision. This means that *only by the legal dissolution of all the registered unions of a trade, or the express fiat of the Court itself, can a trade once regulated cease to be regulated.*" The Court was empowered to make awards binding throughout

the Colony instead of making a series of district awards as before; to hold non-unionists to obedience to awards in their trade; and to hold new comers or persons entering the trade after the award, to be bound by it without citing them into court for a hearing. The conclusions of the conciliation boards were made binding unless appeals were taken to the Court, instead of being as formerly mere recommendations for the enforcement of which the successful party must appeal to the Court unless the other party accepted the board's suggestion.

Another amendment Nov. 7, 1901, permits either party to a reference to take the case straight to the Court instead of threshing it out first before the local board. Some cases have since been taken direct to the Court, but a number of others have been brought in the old way before the boards, which often succeed in bringing about a settlement without proceedings in the Court. All the points of the law cannot be stated in this brief review, but we must not omit the referendum amendment of 1898 requiring that before a union initiates arbitration proceedings it shall be ascertained by ballot that a majority of its members wish to do so.

HOW IT CAME ABOUT.

The great strike of 1890, described in a former chapter, with other lessons in the disastrous effects of labor wars, convinced the trade unions and the public that some better method must be found for the settlement of disputes between workers and employers. In the maritime strike and in other conflicts also, labor had offered to arbitrate but capital refused. This led some thoughtful men to take the position that if either of the parties to a dispute desired to arbitrate, the other should be required to do so, and that is the basis of the New Zealand law. As we have said, but can hardly say too often, there are really three parties in interest in every such case: labor, capital, and the public; and the public always wants arbitration instead of battle, and if either of the other parties desires it also that makes a majority for peaceful settlement.

The Labor Minister, Hon. Wm. Pember Reeves, the famous author of the Arbitration Law, was at first in favor of voluntary arbitration; that is, arbitration at the desire or with the consent of both labor and capital. But a careful study of the results of this method showed that it was inadequate. Everywhere, in the United States, England, France, Germany, etc., he found long records of destructive and costly strikes and lockouts, blotted with violence and disorder, in spite of arbitration statutes and industrial courts and vigorous private efforts to secure the peaceful settlement of industrial difficul-

ties. Voluntary arbitration always failed where it was most needed. In small disputes it succeeded admirably, but in large affairs where one or both parties were obstinate or hot it failed utterly. If both parties were cool and wanted to be fair, voluntary arbitration could be arranged. But if either party was angry, or more anxious to have his way than to be fair, or was determined on a course he knew a just and impartial arbitrator probably would not sanction, voluntary arbitration was powerless, as was abundantly shown in the thousand strikes a year in Great Britain, the home of the voluntary arbitration movement, and the thirteen hundred strikes a year in the United States, with forty million dollars annual loss in each of these countries on account of labor battles.

Mr. Reeves therefore turned his attention to mandatory arbitration. He drafted a bill in 1891. The trade-union leaders studied it carefully and then supported it steadily till it was passed. In 1892 the Minister pushed the bill in Parliament. It passed the House that year and again in '93, but was rejected both times by the Senate on account of the strong opposition of the employing classes and the general conservatism and obstructiveness of the Upper House. In the general election of 1893 it went before the voters, and when the Senate saw the emphatic endorsement the people gave the Liberal Government, it allowed the Arbitration Bill and several other important measures to become law.

THE MACHINERY IN MOTION.

The Act went into effect Jan. 1, 1895, and by the latter part of the year 61 trade unions, "the pick and flower of the labor of the Colony," had registered under the Act, prepared to submit their disputes to fair arbitration. One employers' association had also registered. In 1902, about 250 labor unions had registered under the law, and 75 bodies of employers.

SIMPLE, CHEAP, SWIFT, AND EFFECTIVE JUSTICE.

The Arbitration Court is simplicity itself. The judges sit at a table on the same floor as the disputants. No lawyers are allowed without consent of all parties, which is rarely given. The Court is bound by no precedent or rules of evidence or technical matter of any kind. It is to decide in such manner as it deems will accord "with equity and good conscience," "avoiding all technicality." It may summon witnesses and call for books. Its judges are not removable during the three-year term except for bankruptcy, crime, or insanity, or absence from three consecutive sittings of the Court, or by vote of both Houses of Parliament. Its decisions cannot be revised or controlled

by any other court. The boards must report on a case within two months after application for the hearing of it. And the Court must make its award within one month after it begins to sit for the hearing of any reference.

The boards and the Court alike insist that the complainant shall endeavor to arrive at a private understanding before a hearing is granted, and if this has not been done the tribunal will adjourn the proceedings to give the parties a chance to see if they cannot settle without litigation. Not infrequently, whenever the parties are willing in fact, a conference of the disputants is held in presence of the presiding judge, or of all three judges, and through the wise and kindly suggestions of the justices the parties are often brought together and a settlement attained without trial. Everything possible is done to secure amicable agreement without litigation.

The Act provides that an "Industrial Agreement" signed by the parties and filed in the Supreme Court shall have the force of law, or of a judgment of the Court. Such agreements are frequently made voluntarily, and it is the practice of the boards to recommend, and of the Court to order, the signing of such agreements embodying the terms of the decision. On the expiration of an award the parties often agree to continue it for a new term, or come to some modified understanding without going into court.

PREFERENCE FOR UNION LABOR.

The awards have raised wages, shortened hours, and improved conditions. Where the workers in a trade are well organized and the unions are open to any decent operative the trade on reasonable terms, *the Court orders employers to employ union members in preference to non-unionists* whenever there is a unionist equally competent for the work and ready and willing to do it. If the trade is well organized, but the rules of the union are exclusive or the admission fees too high, the Court orders preference to take effect when the union modifies its rules so that any worker of good character in the trade who wishes to join may do so on payment of an entrance fee not exceeding 5 shillings and subsequent contributions not exceeding 6 pence a week.

Awards of union preference have been granted in more than fifty cases, including all the leading trades of the Colony. The employers fought this most energetically, and even carried it in 1896 to the Supreme Court, in spite of the clear declaration of independence in the Arbitration Act that "no award, order or proceeding of the Arbitration Court shall be liable to be challenged, appealed against, reviewed, quashed or called in question by any court of judicature on

any account whatsoever." The Supreme Court and Court of Appeals held that the Arbitration Court had a right to do as it pleased in the matter, and in 1900 Parliament expressly endorsed the policy of giving preference to unionists. It is in line with the whole trend of the law in its encouragement of organization both of labor and capital, with free play for all their powers of good, but with their teeth drawn.

Non-unionists already employed are not to be interfered with, and union men are to work in harmony with them. Unionists who receive preference must also accord preference to employers who are organized.

SLACK TIMES.

The Court has recommended that in slack times employers shall, if the men desire it, distribute the work among their employees, giving each a share rather than discharging any.

EMPLOYERS PROTECTED AND AIDED.

One of the most important functions of the Court has proved to be the protection of fair and honest employers from the wage-cutting of conscienceless competitors and the frauds of dishonest rivals. The Court stops sweating practices with a strong hand, and compels those who are addicted to cut-throat competition and guerrilla warfare, to come out of the bushes, pay standard wages and give the trade, the workers, and the public fair play. Competition goes to quality, skill and productive power, instead of to wage shaving and oppression of labor. This abolition of wage-cutting and unjust competition, and the fixing of hours, rates and conditions for definite periods enables manufacturers and capitalists to make contracts and calculations for the future with a certainty and safety unattainable under the old regime. This together with their sympathy and sense of justice, explains why it is that so many employers in New Zealand have cooperated with the workers to bring their trades before the Court. The reasonable majority want to bring the unreasonable minority under the law and tie them fast with decent regulations. Employers in many instances have done this, helping their men to organize and present issues to get decisions binding upon the whole trade.

Before the law was passed the mass of employers and workers in the boot business and in other trades had been willing to make reasonable agreements and had tried to establish arbitration of differences but had been foiled by a few intractable employers who would not come into the arrangement. Instance after instance has occurred where the great body of workers and employers in a district have arrived at an understanding and put it

into an industrial agreement, but finding a few who would not sign, have taken the case to the Court, which has ordered the "kickers" to conform to the terms of the agreement reached by the trade in general. In the Wellington tailor case, for example, 26 out of the 28 merchant tailoring establishments signed an industrial agreement with their employees, but the General Drapery and Importing Co. of New Zealand and the firm of Kircaldie and Stains refused concurrence. They were called into court and the judges, after hearing, ordered them to accept and abide by the terms of the said industrial agreement. In another case 159 master builders signed an industrial agreement embodying the recommendations of the Auckland Conciliation Board, but 19 employers, including the city council, refused, so the case went to the Court to bind these stragglers. We have already seen how² appeal to the Court was necessary in the shoe business and the clothing trades to bind a small fraction of employers, irreconcilables, commercial dead-beats and cut-throats, to the terms agreed to by the bulk of the employers and the workers. The Arbitration Law and the powerful Court have simply compelled the stubborn minority to do what the great majority wished to do or were willing to do.

NUMBER AND NATURE OF PROCEEDINGS.

Over two hundred suits have been brought in the 8 years the Act has been in operation. Most of the suits are brought by the men, but not all; and most of the judgments have been favorable to them, but not all. When decisions have gone against the trade unions there has been some grumbling, but no disobedience. Some employers have tried to evade the law or refuse conformity to it, especially two coal companies that did not pay the wages ordered by the Court. Such breaches have been promptly checked by the Court without the need so far of any severe measures, the highest penalty yet inflicted being a fine of \$125 and costs.

One of the most remarkable results of the New Zealand system is the cordiality and friendliness that has been developed between employers and employed. The discussions in Court are in good temper, and employers, judges, and observers from other lands frequently comment on the good feeling shown and the kindly relations that exist between labor and capital both in and out of Court.

The suspicions and hostility that accumulate when employees work in the dark and under the arbitrary rule of capital are dissipated in the light of the facts afforded by arbitration proceedings, and

by the consciousness that the final control is no longer one-sided or arbitrary, but rests in a body representing all three partners in industry—labor, capital, and the public.

ADVANTAGES OF MANDATORY ARBITRATION.

Some of the benefits of the New Zealand system are as follows:

1. Industrial peace. Safety from the interruptions, losses, disorders, animosities, and debasements incident to labor wars.
2. Justice. A strike or lockout affords no guarantee of a just conclusion. It does not decide by right, but by might. It is the business of a Court to investigate and determine what is fair—while the business of a strike is to see which party is the stronger.
3. Fairer diffusion of wealth. The workers, especially those most poorly paid before, have been awarded a larger share of the industrial product. Sweating has been stopped, and dishonest and objectionable profits cut off.
4. Conditions of labor equalized and improved so far as reasonably possible under existing circumstances.
5. The Civilization of Commerce aided, not only by the attainment of enduring peace in place of intermittent labor wars, but by changing the fundamental question between employer and employed from: "How little can this labor be had for in the competitive market?" to "How much is this labor fairly entitled to?"
6. Organization encouraged and safeguarded. Preference given to unions that are fair and open, a premium put on organization by privileges accorded it, and at the same time a powerful check placed upon the abuse of organized power.
7. Collective bargaining established on sure foundations. No more refusal to deal with unions, or insistence on separate agreements with helpless individual workers.
8. Trade honesty guarded and enforced.
9. Publicity secured. The light let in on industrial facts, giving labor the truth and affording public opinion a solid basis for true and vigorous action.
10. Effective protection of fair and honorable employers from the ruinous competition of commercial cut-throats and the tricks and frauds of unscrupulous rivals.
11. Certainty in calculating wages and cost, and making contracts for the future.
12. Prosperity developed and intensified.
13. Stability of business and assurance of profit.
14. Attraction of capital and lowering of interest and insurance.

²Full details in the large book.

15. Cordial relations between employers and employed at all times, even in the midst of industrial disputes.
16. Longer and richer life for the individual and the Commonwealth through elimination of conflict and passion, and the lessening of worry.
17. A nobler manhood, with broader sympathies, and fuller reliance on reason and justice. Nothing is more important than the character development resulting from the new conditions.
18. The *Arbitration habit*—the habit which is being formed of relying on arbitration to determine industrial difficulties.
19. The ideals and sentiments appropriate to conference and debate evolving and taking root in place of the ideals and sentiments appropriate to battle.
20. The spirit of commercial conquest and industrial dominion being weakened and the spirit of mutualism strengthened.
21. Control of industry by a body of directors representing all three parties, instead of only one.
22. New educational forces put in action.
23. A notable example given of simple, cheap, swift and effective justice.
24. Government strengthened and domestic tranquillity insured by removal of one of the chief sources of disorder.
25. Political liberty supplemented and perfected by the development of industrial liberty—"free institutions" cannot be really free till neither employers nor workers can dominate each other.
26. Solution of the trust problem aided by recognition of the principle that industrial power is a public trust, and by judicial restraint of organized wealth.
27. Another field added to the social territory wrested from private war and violence. A higher civilization through a new extension of decision by intelligence in place of the barbarous method of decision of battle.
28. Unities of interest emphasized rather than oppositions of interest.
29. Help in the movement for international arbitration and the abolition of war,—every diminution of conflict lessens the spirit of conflict, and every success of arbitration aids its extension.
30. The growth of coöperation favored by the harmony and coördination established by arbitration—a most important result, for only coöperative industry can remedy all the evils of economic inequality and remove the last remnants of antagonism between labor and capital by making *their owners identical*.

OBJECTS OF THE LAW FULFILLED.

The principal objects of the law in Mr. Reeves' own words were: first, "to put an end to the larger and more dangerous class of strikes and lockouts"—those in which organized labor is concerned; and second, "to set up tribunals to regulate the conditions of labor." In other words the primary objects were industrial peace and justice. Both these purposes have been fulfilled—the battles of organized labor have ceased; injustices formerly suffered in silence by the workers because too weak to strike or because deterred by the cost and risk of failure in the struggle, have been redressed as well as the grievances of powerful unions; and conscienceless employers who seek profit by the oppression of labor and the use of dishonest or unfair practices in competition, have been compelled to do business under reasonable conditions, to the great relief and benefit not only of the workers and the public, but of the great majority of employers also.

A GREAT SUCCESS.

That the institution is a great success is abundantly proved by the record of its results and by the words and acts of the labor unions, many of the leading capitalists and employers, Parliament, the people and the press, with strong endorsements by committees of investigation from Australia, and, clearest of all proofs of approval, imitation by neighboring states.

Employers generally were strongly opposed to the law at first, but now the great majority are favorable to it, and some of those who vigorously opposed it are now among its strongest friends.

A prominent employer says: "Under the old system, our differences with our men had to be settled by a brutal fight. Now two committees meet before the Court, and meanwhile the industry goes on just as if nothing were the matter."

RESULTS.

The bottom questions in this relation are whether wealth and industrial opportunity are to be distributed according to force and cunning, or according to reason and justice; whether industrial control is to rest with one factor or in a body representing all three; and whether business is to be interrupted, production stopped, transportation paralyzed, enormous losses incurred, and animosity enkindled through periodic labor wars and epidemics of disorder, or peace is to be established and domestic tranquillity insured.

New Zealand has taken her stand for reason, justice, partnership, peace, order, safety, harmony, economy, and domestic tranquillity. She has shown that trade unionists may be persuaded by the logic

of experience to prefer court arbitration to conflict, and that the unions may grow and prosper in consequence; that the decision of a State tribunal may be as just and as moderate as that of a private conciliation board; that there is no serious difficulty in enforcing its awards; that cheap, simple, swift, and effective administration of justice in labor disputes is easily practicable; that compulsory arbitration has not strangled industry nor fettered enterprise; that wages can be increased, hours shortened, and other conditions improved wholesale without injury to business, but with decided benefit to it; that prosperity has not been diminished, but intensified; that the need for litigation grows less as industry after industry is thoroly overhauled and regulated by awards, the facts brought to light and the cordial relations introduced by the new system leading to agreements without suit; that many who bitterly opposed the Arbitration Act before they experienced its benefits, are now among its strongest friends; and that industrial peace can be established whenever public opinion is ready for it. State arbitration in New Zealand does not stop industry, waste the funds of unions or the capital of employers, does not ruin thrifty workmen and bring misery into their homes, does not hurt trades related to the industry under arbitration and tradespeople who have dealings with the parties concerned, does not injure the public and drive away trade to foreign countries. Strikes and lockouts and the accompanying boycotts do these things—not arbitration.

In most countries the industrial world is divided into two armed camps, from each of which occasionally comes an outburst of war. In New Zealand the organized hosts have laid down their arms. New Zealand understands the law of selfishness and the law of industrial gravitation; she frankly accepts the two irresistible tendencies of modern industry under competitive conditions, the first of which is that labor and capital will differ, and the second that they will organize to carry their opposing points; and she encourages organization and settlement, and only insists that the settlement shall be peaceful.

One of the most important steps in the history of civilization was the substitution of a court of justice for the primitive method of settling disputes by battle. No civilized country dreams of allowing two individuals or two corporations to determine their difficulties by combat or persecution. Either party may cite the other into court and have the whole matter settled by compulsory arbitration. Even our States are denied the privilege of making war, and one can be called into court by a single individual. Aside from

employers and employed, nations alone have full legal right to play the barbarian, and that will not last long, for International Arbitration is coming with the sanction of the civilized world behind it.

There is clearly no more reason for permitting a corporation and its employees to fight out their differences in the public streets than to permit two corporations, or two bodies of employees to resort to conflict. Yet New Zealand, the youngest of the great republics, is the first to extend the principles of peace and civilization and judicial justice to the settlement of disputes between employers and employed, abolish strikes and bring the wars of capital and labor to an end.

(Prof. Parsons has given special study to this interesting and important subject. For further details, including illustration cases, wages and other details in numerous trades, further arguments, testimonials, etc., see the large book, "The Story of New Zealand."—C. F. T.)

CHAPTER XXXI.

CO-OPERATION.

Abolition of the Contractor.

Direct employment by the State on the co-operative plan; railways, public works, land department, agriculture, state lectures, co-operative dairies, state warehouses, cold storage and shipping departments;

Till 1891, the construction of public works had been carried out under the contractor system. In that year the Premier announced that this system had proved to be radically vicious, and that the Government would adopt the policy of direct employment on the coöperative plan, and the settlement of the workers in homes of their own on the lands alongside of the roads or other public works in which they might be engaged. This method has been applied to railway construction, bridges, public buildings, work on the public forests, and on the public lands, in the farm and village settlements, etc., etc.

Four or more workers unite in a co-operative group, elect a foreman, or two if they like, and take a contract for a given piece of public work. Each man in the group has an equal interest, and the men may elect a new foreman at any time they desire. The workers obtain in this way not only a fair day's wage for a fair day's work, but secure for themselves also the profits that went to the contractor under the old system.¹ Labor is put on a higher

¹ At first the men were asked to organize in parties of about 50 each and select trustees, all the men to have an equal interest, and wages and profits to be divided equally. The plan worked well from the start, but experience showed that

plane, for every man is a contractor and partner in the profits and the control. The expenses of superintendence are diminished, as every partner is practically an overseer watching the rest, and the drunkenness, idleness, or inefficiency of one would diminish the income of all.

Elderly, delicate or inefficient men, who found it difficult or impossible to get work with the contractors, are able to combine in coöperative groups and help each other to make whatever they may be able, without cutting down the earnings of able-bodied workers. Thus there naturally arises a sort of classification of both the work and the men, the lighter work being given to the aged and least capable, and the heavier work to the strong and able-bodied.

MINISTER SEDDON AND THE ABUSES OF THE CONTRACTOR SYSTEM.

The new system is largely due to the sense, energy, sympathy, and insight of the Hon. Richard J. Seddon, who was then Minister of Public Works. He found the old contractor system full of evils and abuses. If the contractor made a good bargain with the government, he reaped large profits at the expense of labor and the taxpayer. If he made a bad bargain and became a loser, he might fail to pay his workmen or other creditors. Altho subletting was forbidden, there was nevertheless in practise a system of subletting which amounted to a sweating system of the most flagrant and baleful character. The contractors would take work at prices out of which they could not make a legitimate profit, and then sublet at sweating rates, in order to make money at the expense of the workmen. Sometimes the people witnessed the exasperating spectacle of a chief contractor

making a large profit while his sub-contractors were ruined and workmen and merchants left unpaid.

Another scheme of the contractors was to put an extra good man or two in each gang, pay them special wages by private agreement, and have them set a killing pace for the other men. They would also establish stores, and sell groceries and liquor to soak up the wages of the men, fleeing them of a double profit, one on the contract, and the other through the sale of goods at unfair prices, the workmen being obliged to pay at the contractor's stores either because there were no others near, or for fear of losing their places if they dealt elsewhere. Moreover the men who worked for the contractors were not permanently settled on the land, but were compelled to migrate when the work was done, and therefore constituted a floating, unsettled population. The contractor often brought men with him and others would be attracted by the news of the improvement, then the work would be finished and the district would find a threefold labor problem on its hands—its own laborers, those the contractor brought, and those who had come to the district of their own accord to take part in the new work.

Besides all this, the State received a poor return for its investment, for some contractors scamped the jobs or furnished poor materials, and the men took no interest in the work and therefore did not work rapidly or well, and the result was unfair and expensive construction. The Government was at a further disadvantage because it could not control the work—could not hasten, retard, postpone or stop it. Strikes occurred among contract workmen, keeping expensive plants and machinery idle, interfering with public business, and causing serious delay and waste.

ADVANTAGES OF THE COÖPERATIVE PLAN.

As fast as the coöperative system has been applied these evils have disappeared. The Government buys the best materials and the men work with new energy born of interest and responsibility. The earnings of the coöperators are much greater than the wages under the contractor system.

Many workers make 50 cents to \$1 a day beyond what they used to get, and laborers of the vigorous sort, formerly employed by the contractors (who as a rule took only the strongest men) are able to double their former pay. Yet the work has not, in any instance, cost the State more than it would cost by the previous method, and in nearly every case work done on the coöperative plan has cost the State less than it would have cost if let in the old way; and the work is of better quality than that done by the contractor.

large groups did not work so harmoniously as was desired and now the parties generally do not exceed 10 or 12 men, and do not probably average much over 6. Instead of trustees, the men select one or two "headmen" or foremen. The foreman receives all the money, signs the receipts, and is responsible for the proper carrying on of the work. A foreman may be removed by a majority of the group, or the Government Engineer in charge of the work may depose him, if the interests of the work demand it, and call on the party to elect another. The Engineer is also authorized to discharge any member of the group for cause. If a coöperator is ill, his place is held open, or he may send a substitute. If one stops without illness or other sufficient cause, he has no claim after the day he quits, nor can he be received back without consent of all the men in the group.

The Government provides trucks, rails, barrows, tents and tools free, except picks, shovels, and axes. Explosives (except liquor) are also provided by the Government, but the cost is charged to the men. The cost of repairing the plant and tools is also borne by the men. The work done is measured monthly, and payment made in cash to the foreman. The hours of labor are limited to 48 per week, and the men are not encouraged to work beyond that time. (Special article in the New Zealand Year Book for 1894; see also Journal Statis. Soc., Vol. 55, article by Sir Robert Stout.)

Another advantage to the State is that coöperation gives the Government complete control over its expenditure. The department can suspend operations at any time it sees fit without any liability for damages, while under the contract system this could not be done without incurring claims from the contractors for compensation. Under the old plan the expenditure under large contracts was bound to go on, even tho a shrinkage of revenue, or unexpected demand for funds in other directions, might make a postponement most desirable. Under coöperation the Government may carry on the work more leisurely or discontinue it altogether on reasonable notice to the men. And on the other hand it reserves the right to increase the numbers employed on any work, so that in case of emergency it may push the work as rapidly as possible.

The danger of litigation, an item of considerable importance under the old system, is practically abolished under coöperation. And the coöperative system has been found to conduce to public safety, especially in the case of railways.

Publicity is still another advantage of coöperation. Everything is done in the daylight. Through time sheets, engineers' reports and monthly accounts, the public, the workers, and their friends may know the ins and outs of the whole system. No secrecy is possible, and none is sought.

So the Commonwealth secures publicity, safety from litigation and labor troubles, better materials, better workmanship, and better citizenship. It does not have its work scamped, or its taxpayers defrauded, or its working classes illtreated, or the fair distribution of wealth disturbed, and it retains complete control over its own business.

The success of the coöperators is mainly due: first, to free selection—they are voluntary associates, coming together in groups of their own accord and not by the orders of a boss; second, to partnership contract, with its equality, independence, and responsibility, in place of wage hire without share in the control, or any responsibility beyond obedience to a master; third, to pay in proportion to performance, which, added to responsibility and share in control, gives the men the deepest interest in their work; fourth to the assurance of good pay, and the certainty of getting all they earn, secure from any contractor's frauds or bankruptcies; and fifth, to good treatment and just dealing by the Department.²

² The charge has been made in England that employment on the public works in New Zealand is often a political reward. Like many other things said in England about New Zealand, this charge is false. Political favoritism does not exist and would not be tolerated. The Officers

As an example of the spirit in which the system is administered, I quote the following from the special article in the New Zealand Year Book for 1894, p. 235:

"If it is shown after a fair trial of any work, that capable workmen are not able to earn reasonable rates upon it, the prices paid can, with the approval of the Engineer-in-Chief, be increased, so long as the Department is satisfied that the work is not costing more than it would have cost if let by contract at ordinary fair-paying prices."

PREDICTIONS AND RESULTS.

The opponents of the new departure predicted that political pressure would be brought to prevent the discharge of employees, and to make work for the sake of giving employment; that the work would prove more expensive than that done by private contract; and that the system would be found inefficient. All these predictions have proved to be mistaken, and the coöperative system has grown in favor with the Government and the people year by year.

As early as 1894 the Colony's Official Year Book said: "The bulk of the railway and road work and much of the building work of New Zealand is now carried on under the coöperative system. The method has been found as well adapted for the laying of the rails and constructing station buildings as for the earth works, culverts, etc., which were first attempted."

In 1893 Minister Seddon applied the method to the construction of public buildings. In 1896 the system was carried a step farther by the application of it to the building of an iron bridge, an experiment which proved eminently successful. The Land Department has also adopted the coöperative principle:

"With the exception of a few special items," says a recent Land Report, "all of the work done by the Department has been on the coöperative system." Last year (1901) as many as 5,600 men were employed coöperatively by the Public Works and Land Departments—3,000 in the former, and 2,600 in the latter.

The net results are the elevation of labor; public work of better quality and lower cost to the State; and the elimination of the contractor and his profits.

of the Labor Bureau who select the men neither know nor care what a man's opinions are. Such a thing as boycotting a man for holding Conservative opinions has never been known in the history of New Zealand's Liberal Government.

In giving employment married men have the preference over bachelors, and men living in the neighborhood over those from a distance. The personal character of the men, their qualifications as workmen, and their need, are also considered. One who has long been out of work is preferred to one who has just ended a term of public employment. Other things being equal, claims for work are determined by ballot in the presence of men.

The effects on character and wealth-diffusion are incalculable. Coöperation is industrial democracy in place of wage subjection; brotherhood instead of mastery.

Arch-Deacon Langley of the Unemployed Advisory Board of New South Wales,¹ visited New Zealand in 1899 and investigated the coöperative system, and made a most favorable report, stating among other things, that there had been no unemployed agitation in New Zealand in the eight years that had elapsed since the adoption of the coöperative method in public works.

THE GOVERNMENT TEACHES THE FARMERS COÖPERATION.

The Government not only employs the coöperative method in its own business, but does its best to encourage farmers and workmen to apply the same system in their affairs.

It has set itself systematically at work to teach the people coöperation.⁴ It distributes literature, and sends out lec-

¹ New South Wales and Victoria have introduced the coöperative system of public works, and all the colonies are displacing the contractor system with direct construction by the Government.

⁴ The State is not only the largest landlord and principal employer, but the chief agricultural teacher and adviser. An Agricultural Department, organized by John McKenzie in 1892, agricultural colleges, state farms, experimental crop and poultry stations, lectures, literature, and loans, do the work. Thousands of farmers visit the experimental stations every year, and tons of leaflets are distributed throughout the islands, but traveling instructors and lecturers are found more effective still. Next to the dairy lecturers, the best results, perhaps, have been attained by the three fruit experts, who traverse the Colony every year, inspecting, advising, and lecturing. Every animal slaughtered is inspected and condemned if unfit for food,—2.8 per cent of the cattle and .11 of 1 per cent of the sheep are found tainted with tuberculosis. Herds and flocks are also examined in the fields, and the flocks of New Zealand, and Australia, too, have been cleansed of scab.

Sir Julius Vogel says: "Special officers give instruction and advice to farmers with regard to dairying produce, and fruit and forest culture. A portion of the duty of other officers, such as stock inspectors, rabbit inspectors, and veterinary inspectors, is to advise the farmers how to treat stock and keep animals free from disease, and, in the case of rabbits, how to destroy them. These advisory officers have been of great assistance to farmers." (Fortnightly Review, 1893, Vol. 59, p. 137.)

A great change has taken place in the last twelve years. Prior to 1890, it is said, in New Zealand if any one asked the Government for information on a matter calling for agricultural science, the question was sent to the Colonial Geologist. If the inquiry related to insects, the geologist took counsel of a certain telegraph clerk. If the clerk was puzzled, the matter was referred to the Registrar of the New Zealand University. Hardly a cargo of grass seed was landed that did not contain a mixture of weeds, thistles, burr, sweetbrier, cats-ear, cape-weed, sorrel, furse, and other rubbish which spread over the islands and added themselves to the farmers' worries. Animal pests also multiplied with little scientific effort for their control. The farmer did not own the Government. But now the farmers do own the Government, and it coöper-

ates with them effectively for the suppression of animal and vegetable pests, the diffusion of knowledge, and the organization and development of agriculture, horticulture, and dairying. New Zealand spends 50 cents a year for each inhabitant on agriculture; the United Kingdom spends 1 cent, Australia 27 cents, France 22 cents, Switzerland 18, Prussia 16, Italy 8, and the United States 10 cents—New Zealand's national expenditure for agriculture is the highest in the world, that of the United States is the lowest among advanced nations, except England's. It is no wonder that English agriculture cannot even hold its own markets, when only a one-cent interest is taken in it by the nation. In the United States the national contribution to Agriculture is 5 cents per head of the population, and the State contributions average a little less than 5 cents per head on the returns received from 33 States, including most of those making large appropriations on this line: Massachusetts spends 7 cents per capita, New York 8½, Pennsylvania 3, Delaware, Missouri, and Kentucky 1, Vermont 2, Illinois and Ohio 2½, Maine, Connecticut, Maryland, West Virginia 3, New Jersey 1, d Arkansas 4, Virgin a 4½, Wisconsin, Michigan, North Carolina, 5 Iowa ½, New Hampshire, Mississippi 6, Rhode Island, Louisiana, 9, Florida 9½, Oregon 11, Utah 13, Wyoming 14, North Dakota 40, etc.

In the United States as in New Zealand, Government does not confine its educational efforts in this field to agricultural colleges, experiment stations, and publications, but sends out lecturers from the colleges, scientific and practical dairymen, veterinaries, experts in forestry, etc. For example, if a farmer wants to know how to make the most out of his woodland he can send word to the National Bureau of Forestry and a Government Forester will come to him, go through his timber with him, mark the trees that can be cut without injury to the forest, explain the principles of forestry to the owner of the woodland, so that he will know how to take the ripe trees that can be spared each year, and help the young growth to rapid and wholesome development, so as to get the greatest possible income from the land without diminishing the permanent value of the forest. (For an excellent account of this work in clear and simple language, see "The Government and the Woodlot," by the Chief of the Bureau of Forestry in the *Youth's Companion*, March 26, 1903, p. 147.)

ery, the Agricultural Department will send an Inspector to look over the ground, and if he finds the farmers have sufficient cows and a certain amount of capital, plans and specifications will be supplied, and the Government will advance money up to \$10,000 to the company or association to help them get land, buildings and machinery.

THE GOVERNMENT AS COMMISSION MERCHANT.

Coöperation does not end with the process of manufacture. When the butter and cheese are ready for shipment, the Government will receive, grade, pack, ship, and sell it. It will do the same with meat, poultry, rabbits, fruits, vegetables, etc. It supplies cold storage free; it makes advances to the farmers on their produce; sends it to the London market; sells it at the best possible terms; collects the funds, and returns them to the producers less the cost of marketing.

Here is a commission merchant who gives back the whole profit to his customers, keeping only the actual expenses of the business he transacts. All the farmer has to do is to deliver his stuff at the nearest railway station. The Government with its railroads, warehouses and shipping offices does the rest all the way to England and back.

The farmer may send his chickens, ducks, and goslings to the Department alive if he chooses, and the Government will kill, dress, grade, pack, freeze, ship, insure, sell, and remit—all according to a schedule of charges furnished the shipper in advance. The following item from a New Zealand newspaper illustrates the situation.

"The Agricultural Department has decided to make its first shipment of poultry to London in February. The Department has arranged to kill and dress all birds sent to the depots to be established at each of the four chief ports and it will also be willing to send them to the home market at the risk of the owners. A small charge will be made for killing, dressing, and packing. The cost of shipping the birds to London will be equally reasonable."

The grading of produce, which originated in New Zealand, was at first regarded as an infringement of private rights, but shippers soon found that it was of great advantage to get notice at once of defects in butter or other products so as to correct them immediately, instead of continuing to ship a poor article to England the whole season, with danger of loss on inferior and perhaps unsalable goods.

Before the State went into the shipping business, the small producer was practically unable to reach the great markets of the world, because the ship freights

and insurance on small shipments were so high. But the government gathers up the small lots and ships them as one big consignment, and so obtains the lowest possible freight rates, and the highest market prices for the farmer and fruit growers and dairymen.

If the produce sent to the Government warehouses is too poor for export, the Department will market it at home. So the farmer is in no danger of having his products thrown back on his hands a total loss.

During the summer months, when there is little export business, the cold-storage rooms are rented to butchers and produce dealers, which helps them, and enables the Government to make an income and keep its employees at work instead of closing up.

New Zealand maintains a produce agency in London, and it is proposed that the Colony should establish a Government warehouse there, and open a store in every important town in England for the sale of New Zealand products. The Minister of Agriculture in Victoria recommends that all the Australian Colonies should unite to build big stores in London and establish produce exchanges in various parts of the city.

New Zealand and South Australia are both considering the establishment of lines of State steamships to carry their products to European markets at the actual cost of transportation. The Premiers of the Colonies favor this plan.

Premier Seddon believes that the coöperation and public ownership together are able to take care of the troublesome problems of the modern industrial system. While waiting for the nationalization of the coal mines, he applied the coöperative principle with good effect by leasing a coal mine that was under the control of the State to a Miners' Trade Union to be worked by them coöperatively. And the nationalization of the mines and forests, roads, railways, and steamships, telephones and telegraphs, post and express, banks, land, insurance, etc., is itself, in a true democracy, only a wider form of coöperation.

CHAPTER XXXII.

RAILWAYS FOR SERVICE.

In 1894, the glory year of land resumption, Government loans to farmers, nationalization of credit, labor legislation and judicialization of strikes and lockouts, still another most important move was made through a vital change in the national railway policy. The commission system inaugurated in 1887, under which the roads were put in the hands of Railroad Commissioners appointed by the Governor with the assent of Parliament, and not removable during

their 5-year term of office except for misconduct, did not prove satisfactory in New Zealand.

The Commissioners managed the roads with a view to making a good financial report. They aimed at profit. It was charged in Parliament and out of it that rates were so high that fire-wood went to waste in the forest and potatoes rotted in the fields, while people in the cities were cold and hungry in the years of depression; that goods were frequently hauled more cheaply by wagon than by rail; that while rates were reduced somewhat now and then, it was done by reducing wages; that the pay of the men was cut, while the salaries of high-priced officials were increased; that boys were employed to an extent unknown before—and New Zealand does not like the spectacle of idle men and busy children; that the Railway employees were in constant agitation, while the Postoffice men, who were under direct control of the Minister, were tranquil; that in the strike of 1890, the Commissioners acted in coöperation with the great shipping monopoly and the Association of Employers, and refused to grant the request of the Railroad men for an interview to arrange terms of peace; that the Commissioners refused for years to recognize the Union of the men, and afterwards went to the other extreme of allowing a few union officers to boss the service.

The Commissioners were honest, but they were simply Railroad men, running the roads to make money for the Treasury. It was a commercial system, and its managers, during their continuance in office were almost as much beyond the reach of the people as are the managers of our private roads. The treatment of shippers was almost as arbitrary as the treatment of employees. Even the public safety was not well cared for. Passengers traveled with nervous apprehension over bridges which had to be propped up, and where screws could be seen to be one-third rusted through. The Commissioners made contracts without asking for bids, ordered supplies abroad that could have been furnished by New Zealand firms.

Public indignation became intense. The air was full of complaints. The Commissioners were denounced as "monopolists" and "irresponsible despots." The Board was established ostensibly because of dissatisfaction with former methods, but the dissatisfaction with the direct system of management in 1887 was nothing compared to the dissatisfaction with the Commissioner system in 1893.

The abolition of the Commission was made an issue of the campaign of '93, and the people, by an overwhelming majority, elected representatives pledged to put the roads under direct control of the Minister of Railways and the Parliament,

and bring the railroads within speaking distance of the people.

In 1894 this change was accomplished, and since then New Zealand has had real public ownership of her railways. They are in the hands of the elective Government, and that, in fact as well as in name, represents the whole people.

HOW THE GOVERNMENT HANDLES THE RAILWAYS.

The result is that *the roads are no longer run primarily for profit, but for service*; and the men are treated with the consideration due to partners in the business.

The Premier and the Minister of Railways have announced it as the definite policy of the Government that all profits above the 3 per cent needed for interest on the railway debt shall be returned to the people in lower rates and better accommodations.¹

The report of the Minister of Railways for 1899 announced a reduction of 20 per cent on ordinary farm products and 40 per cent on butter and cheese, etc. These concessions amounted to one-seventh of the receipts—equivalent to a reduction of \$150,000,000 on the yearly freight rates in the United States. In 1900 the new Minister of Railways, Mr. Ward, announced, a general lowering of passenger fares as the first fruits of his administration. "The announcement was received with cheers by the audience—stockholders in the roads."

From 1895, when the roads came into the control of the Liberal Government, to April, 1902, the reductions are estimated at \$2,350,000, an amount nearly equal to half the total receipts in 1895, and as the Minister says, "truly a stupendous amount to have been given away in concessions by way of (voluntary) reductions to the users of the State railways."²

July 8, 1902, Minister Ward in making the Financial Statement announced still further reductions amounting to \$200,000 a year, or over 2 per cent on the

¹ The sentiment in favor of using the railways as a means of settlement and national development, is so strong that any proposal to run the roads for profit, even so far as to provide a fund for the extension of the railway system, has no chance in New Zealand. It is thought better to have low rates and raise the money for new roads, etc., by taxation. In fact, the value to the country of cheap transportation is so highly estimated by some that they would have the roads operated below cost, or even run the railways free, defraying all expenses out of general taxation as in case of ordinary roads, fire service, education, etc.

² The Minister of Railways says that the "enormous concessions given in regard to passenger fares in the last two or three years have increased the traffic on the railways enormously, and the results have paid the Colony, and after the returns for the coming year showed the workings of the new reductions already decided upon, he looked forward confidently to making still further large reductions in passenger fares. (N. Z. Hansard, Vol. 122, p. 16.)

gross receipts last year.³ An equivalent reduction in the United States would mean a concession of \$30,000,000 a year to railway users, but our roads have been increasing their rates in recent years instead of diminishing them, and the average receipts per ton-mile and passenger mile have risen.

NO SPECIAL FAVORS FOR BIG SHIPPERS, CORPORATIONS OR COMBINES.

Care is taken in New Zealand that small men shall not be put at a disadvantage. The State roads carry 400 pounds at the same rate as the ton-rate or the train-load rate, and one bale of wool goes at the same rate as a thousand. No such thing is known in New Zealand as the lowering of rates to a shipper because of the great size of his shipments. A traffic officer when asked if a man could not get a lower rate if he shipped a thousand tons, replied, "No, not if he shipped ten million!"

All the rates are made by the management openly. There are no secret modifications of the tariff. There may be a variation on schedule rates to equalize a long haul, or enable a distant mine or factory to reach the market in condition to compete with nearer rivals, but the total charge is never lower than the rate that is given to others for the same service.

THE RAILWAYS AND THE CHILDREN.

The state roads are used to advance the cause of education. Children in the primary grades are carried free to school. Older children pay \$2.50 to \$5.00, according to age, for a three-month season-ticket up to 60 miles. This gives them a possible 120 miles a day for three to six cents, in round numbers, or 20 to 40 miles for a cent. If a child goes in and out six miles each day, he rides twelve miles for three cents.

Excursions for school children are arranged at the rate of fifty cents for a hundred miles out and back—200 miles for fifty cents, or 4 miles for a cent. For teachers and pupils above fifteen years of age the charge is \$1 for the same distance. The Minister figures that the Department loses on these trips at four miles for a cent, but he justifies the low rates for school and factory excursions on the ground that "from an educational point of view very marked and beneficial

results must follow," thus subordinating the lower forms of wealth to the higher. By these excursions the country children come to town, where they are received by school committees, who conduct them over museums, newspaper offices, gas works, ocean steamers, etc., and explain everything. A thousand city children see fields of waving yellow wheat reaped and bound; see orchards, forests, mountains, lakes and glaciers; look over sheep runs and cattle ranches; view dairy-farms and creameries; and learn about the country and the life of the country people. There is no educative force superior to well-directed travel, especially in youth, when the senses and observing powers, as well as curiosity, open-mindedness, and intellectual assimilation, are at their keenest.

The Railway Report for 1902 says: "School, factory, etc., and holiday excursion tickets were introduced by the Government in 1896, and have been a most pronounced success. The number of passengers is nearly double, and the revenue $2\frac{1}{2}$ times greater than in 1896."

Books are carried by the Government to and from libraries at one-fourth the parcel rates; and newspapers, three pounds 75 miles two cents, any distance six cents, eleven pounds any distance fifty cents.

The interests of labor are well guarded. Workingmen's tickets in and out from the principal points are sold at 2 shillings a week,⁴ or twelve rides for 48 cents, within any ordinary reasonable distance. Workmen going ten or twelve miles out, as many do, travel about 3 miles for a cent, or a 4 cent fare each way. The roads are used at cost or less to redistribute the unemployed and to settle the people on the land. The Railway Department works in harmony with the Labor Department, and men are carried to points where their labor is needed, and, if necessary, their fares are advanced and they may pay them back to the Government from their earnings when they are able.

In time of depression the Government makes special efforts to provide work on the railways. Instead of building too fast in the boom-times and helping to produce a panic, it reserves its construction, so far as reasonably possible, for seasons when men are in need of employment. By so doing it not only aids labor

³ New Zealand *Hansard*, Vol. 120, p. 149: "It is with a great deal of pleasure," said the Minister, "that I intimate that the Government has decided to make further reductions this year upon wool freights and passenger fares; also in rates for small lots of dairy produce, butter, cheese eggs, bacon, poultry, and honey; in the minimum of artificial manures from 30 cwt. to 5 cwt.; and in the extension of the period of free return of stud horses, cattle, and sheep. These concessions represent in round figures a reduction in rates of at least £40,000 per annum.

⁴ They must go before 8 a. m., but may return at any time. On an ordinary suburban run a week's travel, in and out each day, starting after 8, costs 4s. 6d. (\$1.08), so that the concession to the working people is a 55 per cent deduction. Any one, whether a worker or not, may buy the 2s. weekly tickets, but the concession was made for workers, and is chiefly used by them, the 8 o'clock proviso practically limiting it to them. Last year (1901) the Department sold about 50,000 of these weekly suburban tickets.

and the general prosperity of the country, but it gets its road built more cheaply than if built in busier times and on the upward slope of the market.

Another plan to assist the working people, in which railways have a prominent part, relates to the abolition of the contractor, and the substitution of direct employment under the coöperative system already discussed in a preceding section.

If the railway employees have any grievance, the Arbitration Court stands ready to redress it whenever the men choose to use their privileges under the Arbitration Act; or they may rely on their own special Railway Appeal Boards. Each of the two boards (one for the North Island and one for the Middle Island) consists of three members, one appointed by the Governor, one chosen by the officers, and one elected by the men. Every railway employee has a right to vote for a member of the Board, and to bring any question before it in regard to dismissal, reduction of wages, or any other matter that comes up between him and the management. Three appeals against decisions of the Railway Department were heard last year (1901) by the Appeal Boards; and the men were successful in two of the cases. Railway employees in New Zealand do not have to remain silent in case of grievance, nor do they have to take their complaints before a superintendent or manager independent of them and opposed in interest to them.

The railway force is thoroly classified, and appointments and promotions are made under regulations calculated to secure efficiency and give merit its deserts. There is an educational qualification, and every applicant for a place on the railway must produce his school certificate. He cannot get a job, even as laborer, unless he gives evidence of a reasonable education. Examinations must be passed for promotion. Other things equal, promotions are made with regard to priority and length of service, but an able man may be jumped over his inferiors, if they are not well fitted for the work that has to be done.

Since 1896 the Government has given the men a considerable increase of pay, amounting in some cases to over 60 per cent of the former wages.

Old age pensions and special railway superannuation and relief funds for retirement on part pay upon incapacity, relief in case of sickness, aid to family, etc., help to ease the lot of the railway workers.

The farmers' interests are carefully considered by the railway management, as indeed they should be, since the farmers are the principal stockholders of the roads and the most important element in the Commonwealth. Lime and cer-

tain fertilizers and animals, specially useful to farmers, are carried free. Skimmed milk is returned from the dairies free. Many other things are carried for the farmers at exceptionally low rates. In the farmer's busy season work on the railway is slackened, so that men can go to the farms in the harvest time when extra hands are needed there.

A few years ago a snow storm of unusual severity occurred in Otago, destroying a very large number of sheep. The loss was so great that many of the ranchmen were threatened with ruin, but the railway rates on sheep were reduced to allow the farmers to restock their runs at very low cost. In this way the Department not only rescued the settlers, but also saved the Land Department from heavy loss through the probable inability of many of the damaged farmers to pay their rents. And even the railways, tho the Minister thought they would lose, did not suffer by the transaction, for the increased traffic more than made up for the lower charges.

Walker, a keen observer of conservative tendencies, says: "The railways are worked, so far as consonant with national interests, for the direct benefit of producers."

In the case of private railways usually a few men secure not only the profits of transportation, but those which come from a rise in the value of land along the railways.⁵ New Zealand keeps these, so far as possible, for the people, and it is a most important source of public wealth. It is estimated that every dollar spent on the railways give twice that amount in the increased value of the land. The rise of value resulting from the building of new roads is frequently much greater than this. The Official Year Book for 1901 discussing the Public Works policy of 1870 and the Government railroads, says: "The effect on the whole has been to increase enormously the value of landed property; land which before the construction of railways was valued at £1 to £2 per acre, having been subsequently sold at prices varying from £10 to £20 per acre."

Private roads must have immediate profits, for the stockholders want dividends and want them now; but public roads can spend for years more than they receive, and yet their owners may obtain ample returns, not merely from the educational, political, and social disadvantages of the public system, but through the development of their industries and the increase of general values.

⁵ This was the case in New Zealand to a large extent as to land values till recent years. But now the land around new stations, about which towns and cities are likely to grow up, is held by the State for future lease or sale after the rise of value following the railway development has been realized.

When the people want a new railway in any part of the country they petition the Minister, and pledge their Representatives in Parliament to work for it. If the Minister approves he introduces a bill, and if Parliament approves, the road is built. Parliament acts on the initiative of the Minister, and he acts on the initiative of the people.

Log-rolling among members to get new lines, political pressure by Representatives to get jobs for their friends, manipulation of roads to favor individuals or sections of the country, the solid railway vote keeping a corrupt administration in office forever, and other difficulties hypothetically attached to Public Ownership by its opponents, have not materialized in New Zealand, and are not likely to manifest themselves to any serious extent where the Government, as well as the railroad is really owned and operated by the people. Where political rings and bosses are in control, these evils are very likely to occur: but where the common people have actual control, the administration is practically sure to be honest. Even under the Commissioners in New Zealand there was no dishonest management.

There has been no political corruption and no trouble with the patronage. There are no passes for politicians and their friends, and no discriminating freight rates, or low charges for persons with a pull. Even the Oil Trust could not get a rebate in New Zealand. The crimes against honest trading, and the still greater crimes against honest legislation, which have been such serious elements in the railway problem in the United States, are wholly unknown there. New Zealand has never paid dividends on watered railway stock, nor excessive interest on bonds. The roads have cost about \$40,000 a mile, and the rates are fixed so as to cover just expenses and interest.

There is a strong sentiment in favor of adopting the zone system, which has proved so successful in Austria-Hungary and Russia, and which, it is claimed, was proposed in New Zealand by Mr. Vaile long before its adoption in Europe, but has not been tried in its birth place yet, owing apparently to the fact the owner's demands and peculiarities make it very difficult for the authorities to reach an agreement with him. The Railway Minister and many members of Parliament have declared themselves in favor of giving the system a trial with both goods and passenger traffic under conditions that may be easily met. And the management is making gradual approaches to the zone system, or applications of the principle involved in it, through uniform excursion and commutation rates over considerable areas, and the division of the whole passenger traffic, in connection with the recent reductions for long-dis-

tance travel, into three stages corresponding with the distance zones, (1) within 50 miles, (2) from 50 to 100 miles, (3) beyond 100 miles.

In 1895 the Government took over the Midland Railway, the principal private system then remaining in the country. The length of the Government lines open for traffic March, 1902, is 2,235 miles. In addition to this, there are 88 miles of private railway, namely the Wellington and Manawatu Railway, 84 miles, and the Kaitangata Railway Company's line, 4 miles.

Accidents are few in New Zealand, the care for safety being greater than the average with us. But the service is inferior to ours,⁶ as is the case all over the world both in private and public systems.* Other factors than ownership determine the energy and efficiency of transport. The private management in Italy is the worst I have ever seen, and the public management in Germany the best, outside the United States—in some respects better even than ours. In the line of machinery and transportation we lead the world. But it is agreed on all sides that the service of the Government lines in New Zealand is much superior to that on the private roads, and the same thing was true when the private lines in the colony were much larger than present. Neither public opinion nor Parliament would consider for a moment a proposal to sell or lease the Government railways to private capitalists on any terms whatever. On the contrary, the movement is toward the absorption of the remaining private lines.

The building of new railways to open up the country more completely to settlement is going rapidly forward, and the construction of through trunk lines in both islands to secure more direct and rapid transit between the chief points, is being pushed with special vigor by the people's agent.

Perhaps the most interesting of all the novel phases of railway management in New Zealand, is the sort of semi-perpetual cross-examination of the head of the Department by the people's representatives in Parliament. The House acts as a board of directors watching the management. "When will the new station at Dunedin be completed?" asks a member. "Will the Government try the zone-system in the Auckland district?" asks another. "Will the Minister consider the advisability of issuing excursion tickets in the winter, good for three months so that the dairy hands and farming com-

⁶ The roadbed, the rolling stock, the speed, and the general convenience of travel are not up to our best standards, which is due partly to the absence of any such enormous traffic as that which passes between our giant cities creating a revenue that justifies a splendid outfit, and partly to our mechanical superiority over all the rest of the world.

munity may travel at excursion rates in their dull season?" "Will the Department further reduce the rates on sheep?" "When will foot-warmers be put in second-class cars on the Wellington and Napier Line? I understand they have been furnished in the Middle Island, and my constituents want to know if they are going to have them in their district." "What has been done with the £400,000 of railway bonds authorized last year?" "How much are the coöperative workers on railway construction making now?" "Why do the machinists in the railway shops get less pay and work longer hours than other Government employees?"

The Minister answers all questions. The facts are given to the Representatives and to the people. The whole management is open to the daylight. Any organization or individual in any part of the country may, through his Representative, ask the Minister a question and get at the facts. The sense and conscience of the House and of the people are playing on the railway management almost the whole year through. And if anything is not right Parliament has the power, and being the people's Parliament has the motive also, to fix it in accord with the public interest.

Imagine our railway managements subjected to such a cross-questioning and such control! What a scattering there would be in the railway offices, and among the shippers, too, if the daylight were turned on the railway tariffs and interlocking interests! What a melting of our Millionairessdom would transpire if the railway managers were working for the people instead of for themselves and little groups of speculating stockholders. But it could not be done in America yet, for the common people do not own the Government.⁷ That is the first condition. So long as industrial magnates may control the Government they can control the railways either directly or indirectly. In New Zealand the common people own and operate the Government and are therefore able to have the railways managed in their interest.

CHAPTER XXXIII.

EXTENDING THE USE OF THE REFERENDUM.

New Zealand uses the Referendum to a considerable extent in local affairs. Not

⁷ The essence of ownership is control. If railway kings, trust magnates, and industrial princes with the aid of unscrupulous politicians, control the Government in whole or in part, to that extent the Government is owned, not by the people, but by the monopolists and politicians. The initiative and referendum, giving the people effective and continuous control, is essential to render public ownership of the Government certain and secure.

only is the status of the liquor traffic determined in each district by a local option vote, and the form of local taxation made to depend on the Initiative and Referendum, but all loans desired by local bodies must be decided on by Referendum. In State affairs the admirable system of direct nominations, questioning, and pledging of candidates, and unpartisan balloting, gives the people so real and direct a control over the Government that they have not so much need of direct legislation in its more definite forms as they otherwise would have. Every election is a sort of referendum,¹ and the main issues are very fully discussed, so that the men elected know pretty well what the people want in respect to the chief questions raised in the campaign, and the general policy of the legislation to be pursued. In case of disagreement between the Ministry and the House followed by dissolution of Parliament, the issue goes to the people in a very direct and vigorous manner. Nevertheless, the mixture of issues incident to ordinary elections, and the possible non-conformity of legislative bodies to the people's will, especially in case of the appointive Upper House, make a fuller provision for the Referendum very desirable.

Several times a Referendum Bill has been introduced in Parliament, and in 1901 the measure was pushed by the Government and passed the House by an overwhelming majority,² but was rejected in the Senate by a vote of 29 to 1. In spite of the shortening of the term of Senators and the infusion of new members the appointive Senate is not as liberal as the elective House, tho it must in fairness be noted that the Senate stands in a specially delicate relation to this bill, since one of the questions likely to be referred to the people under its referendum provisions, is the question of abolishing the Senate itself.

¹ It is a common thing in the New Zealand Parliamentary procedure for measures to be brought forward by the Ministry, or by private members, with the idea of securing a discussion that will awaken and direct public interest, and then let the matter go over the next election to feel the pulse of the people. It is a common thing also for members speaking on measures that are being pushed for passage during the current session, to declare that so important a bill should go over the elections, so that the people may have an opportunity to express themselves upon it before it is enacted into law.

² The growth of sentiment in favor of the Referendum is shown by the votes of successive years. In 1893 the vote in the House was 33 to 20 against, the second reading of the Referendum Bill; in 1894 it was 24 to 19 against, with Premier Seddon, W. P. Reeves, Ward, Cadman and other Liberals against it; in 1895 the vote was 28 to 14 against it; while in 1901 the vote was 44 to 13 in favor, with Premier Seddon pushing the measure, and most of the Liberals with him, and in 1902 the vote is 45 to 10 for the Referendum with the Government again favoring its enactment.

One of the arguments for the Referendum most insisted on both in New Zealand and Australia, is the need for some means of overcoming the obstruction of the Upper House. It is said that even the principal use of a campaign has not always been settled by the vote of the people, the Upper House in some of the colonies refusing to pass bills even when the people had declared for them. Year after year, as Premier Seddon declared in the Referendum debate of 1901, the Legislative Council, or Senate, has turned down legislation desired by the people and passed by the House of Representatives, and there is at present no way of overruling its vote except the clumsy plan of packing the Upper House with new appointments. The Referendum offers a just and simple method of check-mating the Senate, and averting any deadlock between the two Houses.

CHAPTER XXXIV.

OLD AGE PENSIONS.

To free the aged and deserving poor from want, relieve them from the stigma of charity and the poorhouse, and enable them to live at home in freedom and independence when their days of work are done, New Zealand in 1898 established a system of moderate annuities from the State Treasury.

It is clearly just that one who has built his best years into the wealth and prosperity of a country and lived a virtuous and helpful life, should have a reasonable subsistence in old age without the ignominy and restraint of the poorhouse. All civilized nations recognize the duty to make provision for the destitute, but the duty of placing that provision in deserving cases on the plane of justice instead of charity, and making it conform to the liberty, independence, and comfort of the recipient, has just begun to dawn upon the world. The bitterness of charity is keenly felt by the better class of the aged poor, and the fear of want in old age hangs like a shadow over the whole lives of the wage-workers. Their labor has helped to create the values on which the nation's industries rest and from which its income largely flows. Our best colleges pay their professors annuities in old age as part of the fair remuneration of their toil. Soldiers and civil servants receive pensions because of the service they have rendered the community. But the workers in the factories and on the farms are just as necessary to the public welfare as the police and postal clerks, and have just as much right to consideration in old age, whether on grounds of sympathy or justice. Yet till recent years no nation has recognized this principle.

The New Zealand law says: "Whereas it is equitable that deserving persons

who during the prime of life have helped to bear the public burdens of the Colony by the payment of taxes, and to open up its resources by their labor and skill, should receive from the Colony a pension in their old age: Therefore, be it enacted," etc., that any citizen over 65, who has resided in the Colony 25 years, is of moderately good character, and not possessed of property amounting to more than \$1,600 clear (*i. e.*, above all debts or encumbrances), nor a yearly income of \$260 net, is entitled to a pension; provided he has not directly or indirectly put property or income out of his hands in order to qualify.

If the net income is under \$175, and the property above debts is not over \$250, the maximum pension of \$90 a year is given; but for each \$5 of net income above \$170, and also for each \$75 of clear property above \$250, one pound, or \$5, is deducted from the pension, so that it vanishes when the clear property reaches \$1,600 or the net income rises to \$260 a year. No distinction is made between men and women, but in case of married couples living together, no pension is to be granted that would make their combined total net income more than \$390.

The law applies to Maoris as well as whites; but aliens, nomads, and Asiatics, criminals, drunkards, wife deserters, and those not living a sober and reputable life are shut out.

THE OLD AGE PENSION LAW IN OPERATION.

The act went into effect November 1, 1898. It provided for public hearings of applicants before police magistrates, who were to examine and determine claims. The pension districts were proclaimed in December, and notices issued throughout the Islands, informing the people how to make application. Hearings were held in January, and the first batch of pensions was paid in March, 1899. In five months 7,487 pensions were granted, representing an annual payment of \$640,000. April, 1901, there were 12,405 pensioners, 10,356 of them receiving the full \$90. The total was \$1,060,000, averaging a little over \$80 per person. The census of 1901 showed 31,353 whites over 65 years old. A little more than one-third of these were pensioners. April 1, 1902, after 3 full financial years of operation, 12,776 pensions were in force, 1,055 of them belonging to Maoris, and the cost for the year was a little over a million dollars. Some 15,000 pensions have been granted, but deaths and cancellations have cut down the number, and now nearly balance in effect the yearly grants on new applications, so that the list is increasing very slowly.

About 15 in each 1,000 persons are pensioners, or 1 in 67. The present population of New Zealand (November, 1902) is about 845,000. A shade over 4 per cent are 65 years old. Less than 40 per cent of these come within the law. The rest are not poor or fail in respect to residence or some other condition. The cost of administering the law is about \$13,000 a year, or \$1 per pensioner, including \$2,500 in contributions to the post office for the assistance rendered by that department.

Everywhere in the post offices of the Colony of Kindly Justice hangs the notice.

"Old Age Pensions,"

with directions how to obtain them. The post offices furnish application blanks etc., and pay the pensioners their instalments.

At the hearings, the magistrates ask questions about the property, income, and character of the applicant, his term of residence, etc., and he must bring evidence to satisfy the judge that he is past 65, of good moral character and has been leading a sober and reputable life for the preceding 5 years. The judges will not accept testimony as to character from relatives. Neighbors, former employers, clergymen, etc., are brought in as witnesses of character. The evidence of any friend or neighbor of good repute is usually accepted as sufficient. The pensions are awarded only for a year. The application must be annually renewed. The annuities are paid in monthly instalments.³

Reeves says that the good character, quiet simplicity and real need of the applicants, as disclosed at the public hearings, has affected public feeling throughout the Colony by bringing home to the understanding and conscience of the people everywhere the afflictions of poverty-stricken old age, and has done more to insure the permanency of the old-age pensions than many years of argument.

Forfeiture and cancellation of a pension may occur not only for fraud in obtaining it, but for misconduct afterward. The law is based upon and encourages good living both before and after. The people know that unless they live good lives they cannot get the pension if they should need it; and after they get it they know they cannot keep it except on the same condition. If a pensioner is found to be a habitual drunkard, or is sentenced to imprisonment for 12 months or more for

any "dishonoring" offense, "the pension shall be cancelled," and drunkenness, or any offense "dishonoring him in public estimation" and punishable by imprisonment for a month or more, may forfeit the annuity. It lies in the discretion of the court to cancel one or more instalments. And if the judge finds that the pensioner "mis spends, wastes, or lessens his estate, or greatly injures his health, or endangers or interrupts the peace and happiness of his family, the court may order the instalments paid to a clergyman or justice of the peace or other reputable person for the benefit of the pensioner, or may cancel the pension." You must behave yourself if you want to get and keep a pension in New Zealand. You must not even disturb the peace and happiness of your family, else you may have to say good-bye to your pocket book. It is said that the women had something to do with that provision. If so, we congratulate them. It is an admirable thought. Expand the idea a little by means of a general provision that any man, not a pensioner merely, but any man, may be deprived of control of his cash account on proof that he "interrupts the peace and happiness of his family," and the docility of married men will be assured.

The Registrar says in his official reports that the administration of the law has been remarkably smooth, and that very few pensioners have misapplied their money. There have been a few, but not very many, cases of drunkenness among them. June 15, 1900, the Registrar wrote, "After a year's additional experience, I may add that the usefulness of the measure is now generally recognized, and that the anticipated difficulties raised by adverse critics are not apparent in its practical working."

MOST POPULAR, YET MOST BITTERLY CONTESTED.

The old-age pension is an institution of the highest value. It marks an epoch in civilization, as a most important step in the equalization of benefit, and the embodiment of justice and brotherhood in laws and institutions. It carries into the second childhood something of the same spirit that makes the first childhood smooth and beautiful. It sweetens the life of the working classes with the certainty of support in old age, in freedom and independence, and on a basis of right, instead of charity. It is a new coöperation for the common good, a new safety, an improvement and even a prolongation of life, for the effect of even moderate pension regularly paid in lengthening life, is well-known.

It has captured the heart of New Zealand. It appeals to the kindness of the people and their sense of justice, and is

³ It must always be understood that much fuller arguments and particulars, together with illustrative cases, concerning this subject and all the other subjects treated in this volume, as well as very many other subjects not included in this volume, are given in the large book, "The story of New Zealand."

undoubtedly the most popular of all the splendid measures carried by the Liberal movement.

Yet it was the most bitterly contested of all, not excepting even the graded tax, Government loans, land resumption, or the arbitration bill. They were all hotly fought, but the temperature rose to white heat when it came to old-age pensions. The graded tax and land resumption affected chiefly the big landowners; Government loans hit the money power; arbitration was distrusted by a considerable body of employers; but all these people and many others were involved in the taxation that might be necessary to meet the pension disbursements.

Over 900 speeches were made against the bill in the first session, and over 1,400 in the last. Single members of the Opposition exploded more than ninety times against the measure, saying anything they could think to consume time and wear out the Liberal majority. To win the day the grand Premier and his supporters, refusing to adjourn, "sustained the strain of a continuous session from Wednesday till Saturday night, when the Opposition finally gave way, and the bill was passed by a handsome majority."

The Liberals stood by it for the democracy and equalization and sympathy in it. The working people desired it for its freedom from the taint of the dole. Only the rich men opposed it whose land and income taxes were like to be intensified to provide the funds for pensions. "Those best able to bear it," the Ministry said, "will have to contribute in proportion to their income and position to this old-age pension fund." They thought the graduated land tax and the customs duties on luxuries might be "earmarked" for the pension fund. Even without these candid statements the monopolists saw clearly enough that their wealth would be called on for annuities to be given the working people who had helped to create that wealth, and they fought the measure with all their strength.

CHAPTER XXXV.

IMMIGRATION CAREFULLY GUARDED.

To shut out cheap foreign labor and other undesirable immigrants, the Immigration Restriction Act of 1899 provides that, except so far as modified by action of the Governor in Council, no person (other than one of British birth or accredited by a foreign Government, or a seaman going out again) shall be allowed to land unless he writes and signs an application in some European language. Persons contaminated with idiocy, criminality,

or other contagious disease, are excluded even if they make application in every known dialect. A person violating the act is subject to a penalty of \$500 and liable to removal from the country. The master and the owner of the vessel in which he comes are severally liable for the \$500 and the expenses of said removal.

New Zealand welcomes immigration adapted to democratic institutions and 20th-century civilization, but desires no adulterated goods. She will not pollute the stream of life in the new world with the refuse of the old, nor dilute her civilization with inferior stock, nor lower the standard of comfort with low-grade labor; nor imperil her progress and her freedom by the influx of immigrants unfit for self-government.

The law was aimed chiefly at Chinese immigration, which is intensely obnoxious to all the Anglo-Saxon Colonies of Australasia. It has been said that the Chinese are an "industrious, peaceful, frugal people, with a civilization, learning and education of their own." The reply is that Chinese immigrants are admitted by all observers to be utterly unfit for political rights in a democracy. They have no conception of free government and civic responsibilities. They rarely become citizens. They take no interest in political affairs and have no knowledge of them. Their civilization was arrested ages ago, their education petrified, their learning confined to a handful. They do not bring their women; they seldom marry; they have no family responsibilities, no social interests, no capital, no knowledge of English. They will live in hovels and scorn sanitation. They are unclean, conceal contagious diseases from the authorities, and are a menace to the public health. It is true that they are industrious, but that is not enough. A man may be industrious and yet be dirty, miserly, ignorant, a shirker of social duty, a source of weakness in the civic life, and a danger to the public health. All these most of the Chinese immigrants are. Moreover, their low plane of living makes even their industry a curse instead of a benefit. The white workman is expected to be clean and comfortably dressed; to marry and have children, to be well-fed and clothed and educated; to have a home that will be a credit to the neighborhood, to read books, magazines and newspapers, take part in the social life of the community, and give a reasonable amount of time and attention to public affairs. To accomplish this he must have short hours, and good wages. But in many trades that do not need much intelligence, but only good staying qualities—something alive that can keep moving—the Chinaman without family, or social or political interests, or even a stomach that calls for good food, can keep at work 16 hours

a day and live on 8 or 10 cents' worth of rice in two meals a day, and be as fresh in the 16th hour as he was the first. His competition is unfair. He degrades the standard of living. In trade his ideas are undercutting and deceit. He comes only to extract what he can from the Colony and take it back to China. After scraping up two or three thousand dollars he goes home. At one time the returning Chinese were taking an average of more than a million dollars a year from the Australian Colony. They are an injury to us in every way, and all classes of our people are agreed in desiring their exclusion.¹

New Zealand began the work of exclusion in 1881, when an act was passed imposing a tax of \$50 on each Chinaman landing in the Colony. There were 5000 Chinese in the Islands when this act was passed. In 1882 only 23 more came in. The act appeared to be effective. But later the influx rose again to two or three hundred a year. In 1888 it was provided that no vessel should bring more than one Chinese passenger to each hundred tons. In 1896, after a struggle with the Legislative Council, the Seddon Government succeeded in raising the poll tax to \$500. Three years later Parliament enacted the general restriction act cited at the opening of this action, establishing a reading and writing test in European language. The law of 1896 is still in force, however, and even if a Chinaman gets in under the law of 1899, by action of the Governor in Council, or by writing an application in some European language, he must still pay his \$500 admission fee.

Distance and cost have so far protected New Zealand from any large amount of immigration from the lower classes of Italy, Hungary, and Russia. There are some indications however that this immunity may not last, and if it does not, there is so strong a disposition to prevent deterioration of the average citizenship and labor level, that no matter where it comes from, low-grade immigration would probably be resisted by law.

To some excellent people in both hemispheres it seems unjust and cruel to shut the door against a man because he is ignorant and penniless and undeveloped. But the great majority of thoughtful persons regard the matter as a choice of evils, and believe it a lesser evil to limit the locomotion of the unfit than to imperil the civilization of the more progressive countries by an inundation of low-grade life. A family does well to be careful about the sort of people it admits to daily contact and intimate association

with its children. And a nation may wisely exercise a similar care. A country has as much right to protect itself against inroads of destitution, ignorance, immorality, or unfit material for advanced civic life, as it has to guard against inroads of adulterated goods, pauper-made commodities, sweat-shop labor, contagious disease, or any other bad influence. It is quite as important to exclude moral and intellectual diseases as physical diseases. Men and women saturated with the ideas and habits of thought and feeling appropriate to despotic institutions are quite as dangerous in a democracy or republic as the smallpox. A flood of undesirable humanity is a much more serious problem than the importation of a mass of undesirable merchandise. The condition of the lower classes in the old world is pitiable, but even if they go in crowds to a new country, the space they leave soon fills right up again with the same sort of social molecules or cells, and the principal effect is the degradation of the new country. The immigrants form little Asias, Italics, Russias, etc., in the midst of the Anglo-Saxon states, keeping their language and customs in large degree, huddling together in hard, indigestible lumps that threaten the new world with civic indigestion and political and industrial ailments, both acute and chronic.

A State like New Zealand, that aims to secure work for the unemployed, and pays pension to the aged poor, has special reason to exercise care in selecting those it takes into the partnership, and for whose well being it becomes responsible. New Zealand claims the right to exclude from her association all new comers who do not seem calculated to make reasonably useful members of it—the right to keep her soil for men fit to be free and self-governing—the right to prevent the lowering of her standard of life.

Immigrants of the right sort are gladly received in New Zealand. Nowhere can men and women of energy, sense, and character find a more hearty welcome or a better chance for acquiring a home and a competence. But people left over from the Middle Ages are not wanted in the up-to-date-commonwealth.

CHAPTER XXXVI.

STATE OPERATION OF COAL MINES.

In New Zealand the shipping ring owns the principal coal mines, so that the coal ring and the shipping ring are in a combination-combine like the coal ring and the railroad ring of Pennsylvania. The result has been the same there as here, viz., exorbitant prices for coal. A committee of the New Zealand Parliament investigated the matter in 1899 and found

¹ Condensed from various New Zealand statements and writing, chiefly those of W. P. Reeves.

State Operation of Coal Mines.

at the "ring" had everything its own way. There was practically no competition in the business. Coal was \$9.25 a ton in Wellington. The committee found that the price could be materially reduced without interfering with wages or reasonable profits. They recommended that the Government procure steamers for the purpose of conveying coal purchased by the Government at the ports of shipment" and "the opening of retail agencies under State control."

In the debate on this report Premier Seddon said: "The State can get screened coal for its tramways at less than \$5 a ton, and why should the workman have to pay \$10 a ton? It will pay the State to buy coal and retail it at \$6.25 a ton."

He did not stop with State purchase and sale of coal, however, but went on to predict that "The time is not far distant when the State will be working its own coal mines. I do not see why it should not do that as successfully as it works the railways."

The very next Parliament passed an act, in 1901, establishing State ownership and operation in the coal-mining business, and the Government, without delay, began prospecting operations at Seddonville, and also acquired possession of the Grey-mouth Point Elizabeth Railway and Coal Company, and the partially constructed railway. In his statement to Parliament, July 8, 1902, Acting-Premier Ward said:

"In the laying out and working of the State collieries due consideration will be given to safety, economy, and the efficient extraction of the coal with the least possible waste. To insure this it is absolutely necessary for the mines to be opened out on a systematic and comprehensive plan."

The Government is now opening mines in pursuance of this plan—constructing tunnels, buildings, and tramways, and bringing up the railways.¹

In the debate on the State Coal Mines Bill, October 23, 1901, Premier Seddon told the House he wished it "to affirm that the time has arrived for the State to have its own coal mines. We have State railways, State steamers, State telegraphs, and we should have State coal mines. We can save 5 to 7 shillings (\$1.25 to \$1.75) a ton. The coal can be mined and put on the boats for less than 10 shillings (\$2.50) a ton, and the freight by steamer is 5 shillings (\$1.25) a ton, a total of 15 shillings, against 21 shillings or 22 shillings the Government has to pay the companies for coal, while private consumers

are paying as much as 42 shillings (\$10.50) a ton for coal for the mining of which the collier gets but 2 shillings 10 pence (70 cents.) The coal proprietors even took upon themselves to raise the price of coal half a crown per ton tho. paying no more for labor or freight. Industries are stifled by the high price of coal. House rent and cost of fuel eat into the wages of labor. The companies limit the output and are not mining enough to fill the demand, so that we have to import coal from Australia, altho New Zealand has abundant deposits. There is an alliance with the steamship interest. When the coöperative men took the Mokilumi mine, supposed to be valueless, the Union Steamship Company charged them 6 pence to 9 pence more a ton from Westport to Wellington than it charged the Westport Coal Company. The matter has been before the members for years. "The Government has brought down the Bill deliberately and after the fullest information. We will first supply the State railways and other Government needs and then sell to private consumers."

One member (Willis) said he had learned from a coal merchant that "There is a monopoly, and coal dealers have to sell at the price agreed on by the mine owners." If any reduction were made in freight or wharfage the price of coal was lifted enough to absorb the difference. "The Harbor Board of Wanganui, having £1,000 (\$5,000) profit, reduced the rates of wharfage on coal from 2 shillings 6 pence to 1 shilling, thinking the poor of the town and the manufacturers using steam engines would get the benefit of the reduction, but they did not, for within a few days afterwards the price of coal was raised by the mine owners equal to the amount of the reduction in wharfage, and the whole of the £1,000 is now going into the pockets of the coal mine owners, while not a penny is going to the people of Wanganui."

When the coal ring misbehaves in America and the price of coal goes skyward, a good President may do something as a weighty individual to aid a settlement, but the Government as such lies quietly by, or sends some soldiers to help the ring work its mines without the aid of miners who are so disagreeable as to insist on good pay and fair weighing. But when the coal ring in New Zealand misbehaves, the Government goes into the business itself, owning and operating coal mines, and transporting and selling coal at reasonable rates.

It is the settled law of this country well as of New Zealand that private monopoly is contrary to public policy but "our Government aids and abets the monopoly, thereby violating the fundamental principles of our jurisprudence expressed in statute and common law

¹ New Zealand Hansard, Vol. 120, p. 170. Since this chapter was written a letter from Premier Seddon says: "The State coal mines have commenced operations."

constitutions and underlying them all," while the Government of New Zealand combats monopoly in the only thoroly effective way yet discovered, viz., by going into the business itself.

CHAPTER XXXVII.

PROGRESS AND PROSPERITY.

For over a dozen years the common people have controlled New Zealand. In four full Parliaments the Liberals have held the House and the Executive power, and tho the Senate has delayed many measures it has almost always yielded to the persistent pressure of the Elective Chamber or the voice of the people at the general elections, and since 1899 the Progressives have had a majority in the Senate also.

Not only have the Liberal Labor representatives of the common people ruled the Colony for over twelve years, and been reelected for three years more (Nov., 1902), but the power of Conservatism has fallen step by step and jolt by jolt as the Progressive institutions one after another have proved their utility and success, till the Colony has become so overwhelmingly Liberal that Conservatism has ceased to be a material factor and the real struggle is between the different degrees of Liberalism. The people who want to conserve—to keep things as they are—no longer count; movement has come to be second nature and progress has become a national habit; the only question is in what direction the advance shall be and at how fast a pace.

Prosperity in most abundant measures has accompanied the development of Liberal institutions—a prosperity which in proportion to population is without a parallel. Every traveler in New Zealand sees it; official investigators from America, Europe, and the Australian States, attest it; Government reports and trade publications prove it; the literature of the Colony is full of it, and the Parliamentary debates and the newspapers are saturated with it. New Zealand's wonderful prosperity continues with every prospect of its abiding in the future. Australia has suffered from droughts and thousands have gone from there to New Zealand and to Africa; but New Zealand has no droughts and her prosperity is undimmed.

To say that prosperity has *accompanied* the development of the Liberal institutions is to state but half the truth, for the *Liberal institutions have been a part cause* of the Colony's exceptional business success. The Liberal policy warded off the panic of 1893 and saved the banks in 1894-5. Industrial peace under arbitration, State loans at low interest, and the exemption of improvements from taxation have greatly stimulated industry. The

division and closer settlement of the land have increased its productivity. National railways and telegraphs have reduced the transportation charges to a minimum, and short hours, good pay, and excellent treatment of the workers, have added to the efficiency of labor. Care of the human machinery of production is more important even from a material point of view than care of the machinery of steel and brass, vital as the latter is.

About 16 million dollars out of the revenues have gone into public works in the last ten years. For a nation of 800,000 people (exclusive of Maoris), this is an excellent record—equivalent to a billion and a half out of revenue in the United States for the construction of works to be owned and operated by the people.

New Zealand's progress would have been worth while even if it had made her poor for a time. Individual reformers do not generally find any dividends in it. We are glad New Zealand has broken this rule. Gilt-edge progress is certainly attractive. New Zealand's Progress and Prosperity is far better than the Progress and Poverty Brother George found in other countries. If the progress is of the right sort and well balanced, it is likely to improve the resources of the common people and of the community. Institutions that benefit society ought to pay. Moral, intellectual, and material advancement, individual and social, belong together, and there is a screw loose in any country where bad men can achieve riches by activities antagonistic to the public good, while good men often find it hard to get a competency.

CHAPTER XXXVIII.

THE PRINCIPLES INVOLVED.

The full significance of the measures we have reviewed cannot be brought out in this section. Their meaning and consequences occupy nearly all the rest of the book. But we may note before leaving this sketch in perspective that the first Liberal Labor decade has *reversed* the policy of the Commonwealth on at least a dozen vital lines, and established the following principles as the basis of New Zealand civic life:

1. That the taxing power is to be used not merely for revenue but to advance the public good, by encouraging enterprise, breaking down monopoly, aiding the diffusion of wealth, etc.

2. That the people have a right to the increased value of land resulting from public improvements and the development of the country, and that every individual has a right to the use and share in the ownership of the earth—the land and all its wealth belongs to the people.

3. That the gradual nationalization of

the soil, through resumption and leasing of land with limitation of area, and rents and taxes to take the unearned increment for the public use, is a just and practicable method of dealing with the land problem.

4. That Government should guard the interests of labor even more carefully than those of capital, for the hours or conditions of labor mold manhood and citizenship, and determine the vitality of the people and their leisure for intellectual and civic development.

5. That the law should recognize the principle of the living wage, and secure to every worker a fair day's pay for a fair day's work.

6. That the right to work is a clear corollary from the right to life, liberty, and the pursuit of happiness, the latter privileges being of questionable value without the former and the State must open the way to employment for those in need of it.

7. That direct employment is more just and economical, and better for the workers than the contractor system, wherefore the latter must be abolished from public work.

8. That coöperative methods have proved superior and shall be established in public work and fostered in private business.

9. That the substitution of judicial decision in place of settlement by conflict, shall be extended to disputes between labor and capital, industrial peace and the administration of justice in labor difficulties belonging with the other objects of judicial procedure.

10. That industrial power is a public trust, and the public interest is the dominant interest in business as in politics.

11. That the control of industry should be in a body representing all three parties in the production and distribution of wealth—labor, capital, and the public—the principles of democracy, partnership and majority rule applying to industrial life as well as to political life, and aristocratic and arbitrary control being as bad in one case as the other.

12. That economic freedom and independence are essential to full political liberty.

13. That veterans of industry shall have pensions as well as veterans of war; any orderly person who has put years of labor into the development and enrichment of the country having a right to a reasonable subsistence after his days of work are done.

14. That the public utilities should be constructed, owned, and operated by the people.

15. That public railways shall be run for service, not for profit, and the management kept in touch with the people.

16. That the fundamental test of a railway system or any other institution,

industrial or political, is not its financial results, but its human results—its effect on the public good—its relation to manhood, morals government, civilization and progress.

17. That farmers and workingmen have a right to use the Government in which they are partners to get loans at low interest, and that Government-lending abolishes usury, prevents oppression, and aids the diffusion of wealth.

18. That banking and credit shall not be left to private manipulation, speculation, and monopoly, but controlled by the State in the interest of all; the nationalization of credit being as important as the nationalization of the soil.

19. That private monopoly of vital interests is contrary to the public welfare, and the State is in duty bound to manage banks, take railways, operate coal mines, buy up patents and do all other acts necessary to prevent private monopoly.

20. That a nation as well as a family has a right and a duty to keep itself sweet and clear of contamination, a right to keep its soil and its civic partnership for those who are fit to be free and self-governing, and who will not lower its intellectual and spiritual level or dilute its civilization.

21. That the question of license or prohibition shall be left to local option under the referendum, and that taxation of land values for local purposes shall also be left to local option with the initiative and referendum.

22. That sex has no essential relation to the right of self-government, wherefore women shall have the franchise on the same terms as men.

23. That equity demands political equality and self-government in municipal affairs as well as national.

24. That in politics and industry as in science, experiment is the best method of arriving at truth, guiding the experiments by the light of the principles evolved from past experience.

25. That one object of the law should be to remove all needless barriers and artificial disabilities.

26. That accident and misfortune should not be left to fall with crushing weight on innocent individuals, but that burdens not resulting from the wrong conduct of those affected should be spread over the community like taxes, in proportion to ability to bear them.

27. That legislation should be in the interest of the whole people, not of a special class or party.

28. That the diffusion of wealth, comfort, intelligence and virtue, and the equalization of opportunity, are prime objects of political and industrial institutions.

29. That the Government should be kept close to the people through short terms for legislators, direct nominations

and a ballot that favors individual thought and judgment in voting, good civil service rules, and the use of the referendum in one or other of its many forms.

30. That the Government is simply the people's agent to manage any business, or do any act for the public good.

Every one of these principles has been established as the result of practical efforts to deal with actual problems and existing conditions. Confronted with specific difficulties and dangers, an earnest open-minded, common-sense, true-hearted people, have sought for remedies, and naturally found them in laws and institutions based on principles that record with the public good. Moving in this way from a concrete evil to its logical remedy, progress has not been the carrying out of

a preconceived program, but a series of adaptations to present need, the recognition of the principles on which the adaptations rest, accompanying or following, but rarely much preceding, the original application. As Kepler's laws were not mere theories like the generalizations of the Ptolemaic astronomy, but were found by drawing the curves required to connect specific instances and unite the results of practical observations, so the principles worked out in New Zealand express the facts of her experience and represent her history and progress.

The tremendous contrast between the Liberal years and former times, created by the recognition and application of these principles in the last twelve years, will be made clearer by the following comparisons:

BEFORE 1890.

Taxation for revenue only.

Dead-level property-tax.

Improvements taxed.

Enterprise discouraged.

Small farmers and merchants overburdened.

Speculation and monopoly fostered.

Freehold favored.

Land monopoly growing luxuriantly.

Land for speculation.

The tide of population moving from the country to the city.

Capital the chief care of the Government.

The right to work, not recognized by the State.

Contractor system in public works.

Competitive industry in full possession.

Labor difficulties settled by strikes and lockouts.

The pauper house for the aged poor.

AFTER 1890.

Taxation for the public good.

Progressive land-value and income tax.

Improvements exempt.

Enterprise encouraged.

Small farmers and merchants favored.

Speculation and monopoly repressed.

State ownership favored with leases in perpetuity and limitation of area.

Resumption of large estates and taxation to break up monopolies.

Land for use.

The movement of population turned back toward the country.

Life and Labor the chief care of the Government.

Right to work recognized and guarded by the State.

Direct employment in public works.

Coöperative industry established, fostered and extended.

Labor difficulties settled by judicial decision.

Annuities from the Treasury for the aged poor.

(Before 1890---Continued.)

Railways under a bureaucracy and run for profit.

The heart of the banking system in private control.

Credit a private monopoly.

Loans for the rich at reasonable interest, but not for the man of small means.

Coal-ring in the saddle.

License practically unalleviated.

Life tenure for senators.

Male suffrage.

Multiple voting for rich men in municipal elections.

Serious political inequality.

Rapid intensification of industrial inequality.

Government by and for monopolists.

(After 1890---Continued.)

Railways under management in touch with the people and run for service.

Heart of the banking system under Government control.

Credit a public utility operated by the State.

Loans for small men also at low interest.

The Government in the coal business.

Local option with the referendum on prohibition.

Seven year terms for senators.

Equal suffrage.

One person one vote in municipal elections.

Near approach to full political equality.

Strong movement toward industrial equalization.

Government by and for the people.

And this transformation was wrought, not with sword and cannon, but with print and speech and thought; not with bullets, but with ballots. It was a revolution in quite as full a sense as many of the great revolutions that bear that name in history, yet it was a peaceful development, a revolution by evolution, the ballot rebellion of the common people against monopoly of land and money and government, unjust taxation and illtreatment of labor. Even the French Revolution itself, the greatest civic convulsion of modern times, did not result in a more complete reversal of the permanent policy of the Government than is involved in the change from land monopoly to nationalization of the soil; from taxation of improvements and fostering of speculative monopoly, to exemption of improvements and progressive taxation of land values and incomes to adjust burden to ability and to burst up monopolies; from non-recognition of the right to employment to full recognition of and provision for it by the National Government; from the contractor to direct employment; from soup-kitchens and competition to cooperative industry; from settlement by strikes and lockouts to industrial arbitration in a court of justice; from the poorhouse to old-age pensions; from usury to Government lending at low interest; from license to local prohibition; from polygamous ballots for the rich man in municipal

elections and masculine suffrage everywhere to the emancipation of women and full political equality of men and women with one vote for each citizen in both Parliamentary and municipal elections; from government by and for monopolists to government by and for the people.

Such are the elements, or some of the elements, of the Industria of Political Revolution of 1890, the most important event in the history of New Zealand and one of the most important in the history of the world. Just as the guns of Lexington reverberated around the globe, and the influence of the American and French Revolutions permeated all thinking peoples, helping to mold their political history, so the new emancipation in this far Colony, the twin sister of New England, is radiating its force throughout the civilized world, and will become a powerful factor in molding the political and industrial history of the future. *An invasion of armies may be repelled, but an invasion of ideas is irresistible.* The world owes much to pioneers and discoverers; most of all to those who discover or establish truer human relations.

Mr. Lloyd calls New Zealand "Newest England." It is still more truly "Newest America," for nowhere else is found such vigor and advance. In its own particular field it even out-Americas America. From savage cannibalism to the highest civilization in a lifetime, from one of the

poorest countries of the world to the richest in a half century, from racial war to racial harmony in a generation, from industrial war to industrial peace in a decade, from charity to justice, competition to coöperation, monopoly to diffusion, despotism to democracy, government by landlords and the money-power in their own interest, to government by farmers and workingmen in the interest of all as the outcome of a great election,

is certainly a record of change in condition and policy, which for quantity, quality and speed of progress is without a parallel. The superb lessons on the mobility of human life and institutions afforded by the history of New Zealand and the splendid possibilities of a thoughtful union of the common people at polls to elect men pledged to their interests are of incalculable importance to the world.

BIRTH-DAYS OF PROGRESS.

Before passing to a study of the causes and combined results of New Zealand's novel institutions, the reader will find it helpful to fasten in his memory the following selective retrospective:

1840	ANNEXATION OF NEW ZEALAND TO THE BRITISH EMPIRE.
1853	CONSTITUTION PROCLAIMED.
1865	<i>Postal Savings Banks.</i>
1870	<i>Vogel's Public Works Policy</i> —national railroads, telegraphs, etc., the first important move in the material development of the country.
	<i>Government Insurance, Public Trust Office, Australian Ballot.</i>
	PROVINCES ABOLISHED.
1876	<i>Grey's Appeal to the People</i> on a democratic and progressive platform.
1879	<i>Manhood Suffrage</i> , residence made sufficient for the ballot without property.
1886	<i>Ballance's Village Settlements</i> , placing idle labor on idle land, with Government loans to help the settlers build and plant. Competitive examinations for civil service.
1889	<i>One-Man-One-Vote</i> in electing Representatives.
	THE GREAT STRIKE AND ITS FAILURE.
	<i>A New Political Force</i> —Organized Labor at the Ballot Box, hand-in-hand with the Farmers and the Common People in every walk of life, working together through direct nominations and non-partisan voting to elect a People's Government, and winning the
1890	<i>Liberal-Labor Victory</i> , of December, 1890, which placed the Government in the hands of the People's Representatives and led to the establishment of—
and	
some	<i>Progressive taxation of land-values and incomes</i>.....1891-2
of its	<i>Labor Department and Public Employment Office</i>.....1891-2
consequences	<i>Direct employment and coöperative policy</i>.....1891-4
to	<i>States leases and nationalization of the soil</i>.....1892-4
	<i>Woman suffrage and local referendum on prohibition</i>....1893
	<i>Resumption and division of large estates</i>.....1894
	<i>Judicial decision of industrial disputes</i>.....1894
	<i>Gov't loans at low interest to farmers and workingmen</i> ...1894
1902	<i>Further nationalization of credit by State control of New Zealand Bank</i>.....1894-5
	<i>Truer public ownership of railways, and absorption of the principal private system</i>.....1894-5
	<i>Initiative and referendum on local land-value tax</i>.....1896
	<i>Political equality in election of municipal officers</i>.....1898
	<i>Annuities from the Public Treasury for the aged-poor</i>....1898
	<i>State operation of coal mines</i>.....1901
	<i>And other transformations due to Government by the People in place of Government by monopolists.</i>

CHAPTER XXXIX. THE PEOPLE'S TRUST.

The largest industrial trust in America, the giant steel combine, including all the water in its composition, owns less than a sixtieth of the wealth of the United States. The largest industrial trust in New Zealand owns about one-sixth of the total wealth of the country. The American trust is owned by a few men and managed for their private profit. The New Zealand trust is owned by the people and managed for their benefit. One is a private monopoly; the other is the People's Trust—the great combine we call the State, managed by the board of directors we call the Government, elected by the stockholders of the corporation, the whole body of men and women in the Commonwealth.

The State is not always a people's trust. It is sometimes a private monopoly, owned and controlled by a class or even an individual. In such cases whatever is in the hands of the Government, whether it be court, army, post office, railway, bank, or any other service or property, is practically or potentially a private monopoly also.

For years before the transformation of 1890, the Government of New Zealand, under the multitudinous suffrage and

preponderating influence of the rich, was for the most part the representative of a class-combine, a landlord-trust, and tho some of the executive departments were fairly well managed in the public interest, they were sections of a benevolent paternalism, not coördinate parts of a universal coöperation or fraternalism. The railways, telegraphs, tax laws, machinery of legislation, etc., were not really public property. Whatever words and phrases may be used there can be no public ownership in fact unless the people own and operate the Government. The Government is the fundamental monopoly that controls all the rest, and there can be no real and reliable public ownership of anything unless there is public ownership of the Government.

As a result of the election of 1890 and subsequent years the people of New Zealand now own the Government. The various classes of society are more fully represented in Parliament, and the State has become the People's Trust, performing numberless services for the common benefit of the whole community without unjust discrimination against any individual or class.

Some of the things this People's Trust, Civic Fraternity, Coöperative Industrious Political Combine, or Democratic State does for the people are as follows:

- (1) It provides for safety, order, and defense.
- (2) It conserves and promotes the public health.
- (3) It owns and operates civil and criminal courts to establish justice through compulsory arbitration of disputes arising from contract, tort, or criminal conduct.
- (4) It establishes Appeal Boards and Arbitration Courts to settle labor difficulties or contests between employers and employed on the same principles of judicial arbitration that are applied to the settlement of other disputes. By this means strikes have been abolished, labor organizations protected and encouraged, cut-throat competition banished, employees of private concerns assured fair treatment; and public school teachers, post and telegraph and railway men and other Government employees secured against unjust dismissal or discharge and supplied with easy and peaceful means of redress for any grievance.
- (5) It provides by special act that all these courts, civil, criminal, and arbitration, shall decide upon the merits and not upon the technicalities of the cases brought before them.
- (6) It owns and operates an all-pervasive system of public schools for the free and universal education of the young.
- (7) For children without proper means of subsistence or whose parents are in indigent circumstances, good homes and practical training are provided in the industrial schools, or the Minister of Education may find them homes in proper families and pay for their subsistence, or accord the service of the child to the family in return for maintenance; or the child may be apprenticed with fit persons to any trade or calling.
- (8) In its care for children and young people, the State provides that First Offenders, instead of being imprisoned and fastened to the

criminal class, may be released on probation under conditions intended to help them regain their standing in the community and avoid the failure of self-respect and degrading associations that so often follow imprisonment of the young.

(9) To guard elections and facilitate the choice of directors for the People's Trust, the law provides for:

Direct nominations by petition of the people without the intervention of caucus or convention.

Questioning of candidates by their constituencies.

Australian voting booths and the unpartisan ballot or alphabetic list of candidates without indication of their party affiliations.

Fine and forfeiture of office for any corrupt practise, even the treating or free conveyance of voters.

Voting by mail for citizens away from home.

And a half holiday on election day to prevent industrial pressure from keeping the voters away from the polls.

(10) To bring the Government still closer to the people:

The terms of Senators have been shortened.

The time of Parliament cut down.

The suffrage accorded to women as well as to men.

A practical referendum on national affairs provided, not only through direct nominations, popular questioning of candidates and independent voting at the regular triennial elections, but through special appeals to the people at any intermediate times that Parliament is dissolved because of disagreement between the Ministry and the House of Representatives, the question on which they differ being carried then directly to the people at the polls.

And constant use of the referendum in municipal affairs.

(11) Laws are made for the people; not for any special interest or class.

(12) The administration is efficient and free from the taint of spoils. Appointments to the civil service are based on merit ascertained by competitive examination. Promotion depends on length and efficiency of service. The employees are secured against unjust dismissal or oppressive treatment by their right of appeal to an impartial tribunal.

taxes are established, with improvements, small estates, and hard-pressed

(13) In place of the old property-tax, progressive land and income citizens exempted, and the burdens placed on wealthy owners and monopolists. Our capitalist trusts have adopted the policy of taxation in proportion to inability to resist it. The People's Trust adopts the policy of taxation in proportion to ability to pay. The capitalist trusts use for their private profit the power of making monopoly charges, which amounts to the power of taxation without representation and for private purposes. The Public Trust uses its power of taxation with

representation not for private profit nor even for public revenue alone, but for the public good—to secure the best possible industrial, political, and social effects that can be attained by the wise and skillful use of this vital Governmental power. It uses the taxing power to discourage and destroy monopoly and speculation, encourage industry and enterprise, and aid the diffusion of wealth—not merely to fill the treasury, but to do it justly, and in a way to advance the public welfare through its influence on the creation and distribution of wealth, and on all the activities and relations of men. This purpose requires for its fulfilment that the taxing power should not be applied to dollars unintelligently, for revenue only, regardless of individual and social consequences, but should be intelligently applied to men with due regard to their financial status, the sources of their wealth, and their relations to the prosperity and progress in the community.

(14) The People's Trust has established roads and highways throughout the Commonwealth, and opened them to the use of everyone free of charge, instead of collecting heavy tolls, as a private trust would do.

(15) The People's Trust has built a net of railways, purchased private lines, and operates now a national system of railroads, including practically all the lines in the State. It does not manage the roads for profit, as a private trust would do, but aims to give the public the greatest possible service at reasonable cost. The Government also owns and operates extensive car shops and locomotive works at Wellington.

(16) It owns and operates the post-office and carries letters, newspapers, books, and parcels for the people at reasonable rates.

(17) It owns and operates the telegraph and telephones as part of the public system for the transmission of intelligence, upon the cheapness, efficiency, and impartiality of which, business, social intercourse, and education so largely depend.

(18) It establishes and conducts savings banks to encourage thrift, aid the common people to accumulate wealth, keep it in absolute safety, and invest it at fair interest.

(19) It owns and operates in the public interest the central bank of issue in the Colony—the heart of the banking system.

(20) It maintains a Public Loan Office, and controls the machinery of credit and the rates of interest by lending money to farmers, merchants, manufacturers, and working people on easy terms and at low interest. The postal banks, public trust office, Government insurance office, and land department also make loans at low rates and on good terms.

(21) It prohibits panics, alleviates depression, and has declared that it would allow no decent bank in the Colony to fail.

(22) It has established a Government insurance office for life, endowment, annuity, and accident insurance, with the guarantee of the Government behind it; and the office does a far larger business than any private company in the Commonwealth.

(23) It conducts a public trust office for the management of estates, investment of money under the guarantee of the State, the making of deeds, mortgages, wills, and other instruments for the people correctly and at low charges.

(24) It has bought a valuable patent, to be held by the Government and thrown open to the public at reasonable rates.

(25) It owns large docks, where men-of-war and merchant vessels may be repaired.

(26) It owns and operates State steamers.

(27) It owns and operates hotels and sanitariums, and has established baths for the use and enjoyment of the thermal springs and medicinal pools.

(28) It has set apart the geyser district and volcano farm in the middle of the North Island as a national park and pleasure and health resort.

(29) It acts as tourist agent, conducting travelers over the mountains and through the forests to see the snowy ranges, lofty summits, magnificent glaciers, tumultuous rivers and water falls, vigorous geysers and sulphur springs, and other splendors of New Zealand scenery.

(30) It has set aside large forest reservations and established Government ownership and operation of them to protect the head waters of rivers, conserve climatic conditions and scenic effects, and provide a timber supply for future years.

(31) It has established experimental and model farms, one for each hundred thousand of the population, and depots for dressing and packing poultry at all the chief centers; also a State farm, where the unemployed may find remunerative work, and where inefficient laborers may be transformed into trained and effective workers. In connection with its farm work, it has spent considerable sums in the purchase and importation of stud horses and cattle of excellent quality.

(32) It has provided village and farm settlements, where the poor may make homes for themselves and have coöperative employment if they wish.

(33) It has established a land system based on the principle that the land of right shall belong to the people. It recognizes the fact that the interest of the State in land is not merely in the funds to be derived from its sale, but in the increasing value due to the development of the country and the moral, industrial, political, and other effects of the system of land tenure or occupancy. This principle leads it to discourage the freehold and the monopolies resulting from it, and adopt decided measures for turning the land movement from speculation to use, and from the building of private monopoly to the gradual development of public ownership. It limits the area one man may hold, pro-

wides for compulsory purchase and division of large estates, opposes land monopoly by progressive taxation and the advantages of the perpetual lease as well as by the power of eminent domain, gives the preference to the landless in the public leasing of the land, aims to take the unearned increment in rents and graded taxes, and moves with avowed purpose toward the nationalization of the soil.

(34) It has simplified the methods of dealing with interests in land by providing for the registration of titles, so that the ownership of any piece of land and all interests in or charges upon it appear together in one place in the registry; and the Government certificate of proprietorship gives an absolute title, with the guarantee of the State behind it.

(35) It does nearly the whole conveyancing of the country in its land transfer office and its public trust office.

(36) It has Government lime kilns, and retails lime at \$3 a ton.

(37) It has established Government ownership and operation of coal mines to check the extortions of the coal ring, and provide the people with fuel at reasonable cost.

(38) It accords to municipalities the right to establish and maintain water works, gas and electric-lighting plants, street railways and other public utilities, subject to the referendum.

(39) It requires municipalities to maintain public slaughter houses under inspection of the Agricultural Department.

(40) It provides for local option on the question of license or prohibition.

(41) It accords municipalities the right of local option in the establishment of the land-value tax in place of the property-tax.

(42) It sends out lecturers and literature to teach the farmers the benefits of coöperative dairying, furnishes inspectors and veterinaries, and acts as general adviser and coöperative educator in respect to agricultural, horticultural, and dairying interests.

(43) It loans money to dairy associations, to enable them to get land, buildings, and machinery.

(44) It provides cold storage free for butter and poultry, fruits, vegetables and other produce intended for export.

(45) It acts as Commission Merchant for the farmers, receives farm products, meats and provisions, eggs, butter and cheese, and even live poultry, at its railway stations, carries them to its warehouses at the ports of export, kills, dresses, grades and packs, keeps in cold storage, ships to its agents in London, sells, collects and remits the funds to the farmers, less the cost of the transaction.

(46) It aids the farmers also

by arranging railway work so as to release in harvest time the extra labor needed in the fields;

by free transportation and low freight rates on fertilizers, agricultural implements, etc.;

by special rates in case of special need, as when the heavy snows destroyed so many flocks of sheep, and the Government railways helped to save the farmers by carrying stock to replenish the runs at very low cost;

and by remitting the rents of settlers on State lands in cases of misfortune or hardship,

as well as by its loans to settlers, Government insurance and trust offices, postal savings banks, telegraphs and telephones, employment bureaus, coöperative dairying, cold storage and shipping departments, roads and general railway service, election laws and tax provisions, public schools, and arbitration courts abolishing strikes and improving the conditions of labor, so that the workers are better able to buy the farmers' products.

(47) The People's Trust manifests an earnest care for labor; it knows that men are more important than money; that labor has a deeper interest than capital, being, in fact, the cause and purpose of capital, at once the creator and the beneficiary, and also an all-important factor in determining the quality of democratic institutions and civilizations, which are largely dependent on the type of manhood and character developed by industrial conditions and the leisure and vitality left to the worker for intellectual and civic development. Therefore, it regards the hours and conditions of labor as matters of the highest moment, to be carefully guarded by the State. It aims to exterminate unwholesome conditions, overwork and wage cutting, sweating and slums, and establish healthy conditions, fair pay, short hours, certain employment, and land and homes within reach of the whole body of the working people.

(48) It recognizes the right to work, believing that the duty of the State to protect the citizen in his right to life, liberty, etc., requires it to safeguard the right to employment, which is essential to the reasonable enjoyment of all other rights. To guard the rights of labor and afford relief to the unemployed, it has established a Labor Department, with a Labor Minister ranking as a member of the National Cabinet, and Public Employment offices, working in harmony with the public works and land departments to provide employment for all who need it. It uses the railways to distribute labor at cost to the points where it is needed, and gives low fares to workmen to and from their work each day.

(49) It has decreed an 8-hour day and a half-holiday for workers in factories and stores, seats for the sales girls, good ventilation, safety elevators, and guarded machinery; no night work for women and

Young people, no employment of boys and girls without pay, no payment of wages in truck, and many other regulations calculated to secure the health and good treatment, advance the interests, and elevate the conditions of the working people.

(50) It has practically abolished sweat-shop work by thoro inspection, provision for the labeling of goods, prohibition of supplementary night work taken by factory hands to do after hours at home, etc., and fines for the violation of the law.

(51) It has adopted the policy of abolishing the contractor system in the construction and maintenance of public works, and the substitution of direct employment by the State under coöperative conditions, whereby the wages of the men have been greatly increased, their industry and character developed, the quality of the work improved, the cost of construction diminished, and the profits on the work diffused among the men, instead of going to build the fortunes of a few contractors, as under the former system.

(52) It has abolished the old discriminations of the law against trade-unions, and encourages and protects the organization of labor, making it a condition of the right to appeal to the Arbitration Court for the settlement of labor difficulties.

(53) It encourages industrial and provident societies, building societies, agricultural and pastoral societies, and other associations for mutual education, insurance, and social intercourse, and the development of science and industry.

(54) It purchases estates in or near the cities and towns, and divides them up for workingmen's homes, and makes advances to workmen to help them build their homes.

(55) To deposit the slums of the cities on the land in suburban villages and rural settlements, empty the crowded tenements into the country, and open the way for all who wish to devote themselves to agricultural or pastoral pursuits to settle on land of their own, are parts of a definite policy systematically carried out by the Government.

(56) It has turned back the tide of population from the city to the country.

(57) It benefits labor also, both directly and indirectly, by means of the policies enumerated in speaking of the farmers (42 to 46). The postal savings banks, Government insurance, public schools, direct

nominations, unpartisan ballots, questioning of candidates, etc., are of prime benefit to artisans as well as farmers. And the coöperative dairying and merchanting, the liberal land laws, the use of the railways and the power of taxation to favor the small men (farmers, merchants, and manufacturers) and encourage enterprise and improvement, help the laboring classes as much as any part of the community. In fact, the great mass of the farmers are as truly workingmen as those who labor in the factories and on the railways, and they recognize that their interests are one. The interests of all producers are substantially identical, and the vital interests of the entire community, rich or poor, intelligent and ignorant, good and bad, industrious and idle, are in truth in perfect harmony. Each life reacts on all the rest, and none can be as it should be till all are right. Every man is immersed in the laws and institutions and social environment of his time, and so long as the atmosphere is impure his blood will feel the taint.

(58) The People's Trust has established State annuities for the aged poor, so they may live at home in their declining years secure from want.

(59) Justice is put in place of charity.

(60) Political corruption is unknown to this Trust.

(61) Rings, bosses, and party machines do not exist.

(62) Private monopoly no longer flourishes nor sits in the seat of power. Sentence of death has been passed upon it, for the People's Trust is like the others in this one respect, that where competition proves impracticable or undesirable it takes the market for itself; but as that means the Commonwealth, while the others are but little groups, there is the whole distance from selfishness to public spirit, the width of the ethical world, between the absorption of the market by the People's Trust and its capture by any private combine.

(63) Equalization of opportunity and diffusion of wealth are among the prime objects of the New Zealand Trust. The purpose one who moves among the people hears most frequently declared is to have no paupers and no millionaires.

(64) The Commonwealth aims to get rid of tramps, slums, idleness, overwork, sickness, sweat-shops, strikes, lockouts, rack-rents, usury, foreclosure, tax-sales, evictions, monopolies, speculation, panics, extortion, ignorance, inharmony, and injustice.

In carrying out these purposes the main reliance of the State is on the principles of public ownership, education, popular discussion and free ballot, arbitration, coöperation, legislation and administration for the public good, and Government by and for the people under a system which secures the services of experts without their mastery, and keeps the making and enforcement of the law in close communication with the sovereign people.

OPPOSITION AND MISAPPREHENSION.

What do the wealthy Conservatives of New Zealand think of all this? Each new development of democratic institutions has alarmed them at the start. Several times they have really believed disaster would follow the Liberal laws. But their fears have proved groundless, and now they are getting quite used to political earthquakes, and are fully reconciled to many of the changes they desperately opposed at first.

The standard prediction of the Opposition in respect to each new Liberal measure has been that its adoption would ruin the country. The land and tax laws would drive capital out of the islands; the labor laws would hamper industry and limit the productive power of the people; hard times would follow, and bankruptcies and low wages, etc., etc. None of these results have come to pass. Capital has not left, but is more eager to come into the Colony than ever. Wages have not fallen, but have risen in most callings from 15 to 50 per cent. New Zealand's per capita income is the largest in the world, and is steadily rising. Hard times have not resulted from her land and labor laws but the contrary. Hard times may come perhaps by reaction from possible depression in European markets, on which New Zealand's commerce depends, but the indications are that so far as her progressive legislation is concerned, it is a cause of prosperity, and if hard times do come it will be by outside influence in spite of her Liberal laws and not because of them. Moreover her successful resistance to the panic of 1893 that swept over all the rest of the civilized world would indicate that it will take a pretty vigorous outside influence to overcome the momentum of her prosperity and the defenses of her advanced legislation.

The reports of droughts and bad times and a stampede from New Zealand to South Africa are equally baseless. Australia has been plagued with droughts, and multitudes have gone from there to South Africa. Someone, whose geography was too weak to tell them that New Zealand is a separate Colony, 1200 miles from Australia, and totally different in climate, made the rumor cover New Zealand. The fact is that New Zealand is never troubled with droughts, and so far is the exodus

story from the truth that, instead of multitudes leaving New Zealand, multitudes have been coming to New Zealand from the stricken regions of Australia—so many, in fact, that the question of legislating to stop the impecunious influx has been raised in Parliament.

Some object to New Zealand because she has so large a debt. But her assets are still larger than her debt,¹ and even if they were not, what difference could that make in the value of industrial arbitration, coöperative industry, Government loans at a profit, progressive taxation, closer settlement, employment for the unemployed, etc., etc. A man may be in debt beyond his depth and still be an admirable inventor and discoverer, a statesman of high ability or a great political and social reorganizer. And it is the same way with a nation. But it is not so in New Zealand's case, for the great invention and reorganization, she is very far from being insolvent; so far, in fact, that, as already stated she is, per capita, the richest country in the world.

CHAPTER XL.

THE NATIONAL ASSETS.

The Government of New Zealand, or more accurately, the Commonwealth, owns over half the land of the Colony, most of the banks, about all the railways, all the telegraphs and telephones, the post office and express service, the common school system, roads, parks and lighthouses; it also owns some hotels and sanitariums, gas and electric plants, warehouses, water works and docks, besides forests, farms, and mines; and its system of employment bureaus, loan offices, and insurance agencies extends throughout the Colony. It is the largest receiver of rents in the Colony and the largest employer of labor. It has the largest life insurance business and the largest business as trustee of estates. It acts as chief commission merchant, chief adviser to farmers and dairymen, chief educator to the whole people, chief conveyancer, chief coöperator, chief law-maker, chief arbitrator and chief defender.

Some idea of the value of the National Assets, or properties and investments of the State engaged in these services, may be gained from the following statement:

¹ See next chapter.

National Assets.	Value
State railways (tracks, bridges, stations, rolling-stock), etc...	\$92,000,000
Ordinary roads and bridges	27,000,000
Telegraphs	4,250,000
Telephones	853,000
Public buildings (schools, hospitals, courts, post and telegraph offices, warehouses, Parliament Buildings), etc...	11,800,000
Banks	2,427,000

Amount brought forward.....	\$138,330,000
Water-works and mining investments (gold and coal).....	3,130,000
Lighthouses, docks, and harbor and river works.....	2,340,000
Defenses (general and harbor).....	4,520,000
Thermal baths, hotels, etc.....	252,000
Other departmental works, gas and electric and minor works.	2,910,000
Lands owned by the State and leased out	33,940,000
Other State lands with minerals, forests and improvements..	39,000,000
(Aside from the buildings, etc., above mentioned.)	
Loans to municipalities and other local bodies.....	7,200,000
Loans to settlers	12,600,000
<hr/>	
Total	\$244,232,000

It must be remembered: (1) That the State lands are estimated at very low values. In case of the leased lands, for example, the Government valuation is probably not over half what private owners would claim. (2) Several million acres of public forest are valued at \$5 to \$10 an acre, where as they are fairly worth three or four times that amount in all probability. (3) The railways, telegraphs, telephones, posts, banks, mining properties, harbor works, etc., are valued at their structural, or cost, values, with no allowance for franchises, which in this country would be capitalized at high figures if the services were owned by private capitalists. It appears, therefore, that the above statement would have to be largely increased to get at the real market values. According to American methods the railways would be valued at not less than double their structural value, or about \$200,000,000, and telegraphs and telephones, post and express, would stand at three or four times the actual investment.

The State banks are not put down in the list of public assets in the Colony's official returns, not even the investment in the big central bank controlled by the State, but they certainly belong on that list with a good round value. The holdings of any private corporation controlling the heart of the financial system of a prosperous nation would be valued far beyond par. The stock of one of our New York banks, the Chemical, sells for over 40 times its face value (shares of \$100 par value are quoted at \$4100 bid and \$4300 asked), and the stock of another the Fifth Avenue Bank, sells for more than 36 times its face. It seems clearly within the truth to say that the national assets of New Zealand if in private hands, or owned by American trusts or corporations, would be valued at half a billion dollars, or more than double the Colony's debt.

Against the National Assets stand the following liabilities:

For Public Utilities.

Railways	\$78,020,000
Roads and bridges	23,150,000
Telegraphs and telephones	4,240,000
Mines	3,610,000
Lighthouses and harbors	2,430,000
Other public works, buildings and improvements.....	18,815,000
Land purchased from natives	10,540,000
Land purchased under "Settlement Acts".....	10,060,000
Banks	2,427,000

For Investment on Loans.

Advances to settlers	11,540,000
Loans to municipalities, etc.....	7,200,000

For immigration

11,900,000

For war and defenses.

Maori wars	11,430,000
Defense	8,235,000

Miscellaneous.

Provincial debts assumed by the State when the provinces were abolished. Expenses of raising loans, funds to cover insufficient receipts in years of

depression, etc.	37,000,000
Total	\$240,587,000
Subtract accrued sinking fund.....	5,010,000
Total debt	\$235,577,000

A large part of the Provincial debts taken over by the State were for public works, roads, bridges, harbor improvements, railways, buildings, etc., but I have not been able to ascertain the amount.

THE DEBT.

This is a large debt, nearly \$300 per capita, the largest public debt in the world in proportion to population except in Queensland, South Australia, and West Australia.¹ But the assets are still larger than the debt. A private railway company is considered in most excellent condition if it has structural value or actual investment equal to its stock and bonds. Why is it not the same with a nation? When there is dollar for dollar of valuable property behind the liabilities, a company with \$300 liabilities per member is not worse off than a company with \$10 debt per member; and if its property franchises and all are worth much more than its liabilities, while the other company has more debt than property, the company with large liabilities is in much

the better condition. If a company increases its assets and its liabilities together, the increase of obligation is a sign of increased wealth; and if the Government acquires a billion dollars worth of railway property well located and constructed, and incurs a billion of debt for it, the people are not worse off than before. The ownership of railways and telegraphs by a private company is not an element of strength and riches. It is the same with a nation. If a company owned all the land and monopolies in this country its per capita liabilities might be exceedingly high without preventing its being the wealthiest company in the world. It is the same with the nation.

It will not do to judge a company's or nation's condition by its liabilities alone.² We must look to see what is behind the debt. National debts so frequently represent smoke and battle that there has come to be a sort of assumption that a national debt is a dead weight, a burden of the past upon the present. Take, for example, the following items concerning the debt of France:

For Bonaparte's wars*	\$250,000,000
Restoration indemnities	290,000,000
Conquest of Algeria	184,000,000
Crimean War	451,000,000
Wars in Italy, Mexico, etc.....	160,000,000
Franco-German War	1,555,000,000
Public Works	1,260,000,000
Loss on issue of loans.....	1,000,000,000
Sundries (palaces), etc.....	1,000,000,000
Total	\$6,155,000,000

Here is a debt of \$160 a head and nearly all dead weight; nearly half of it for gunpowder, and over half the remainder for palaces and other flummery, and losses

on loans. Only one-fifth of the total debt

¹ It would not have been surprising if New Zealand's debt per capita had been found to be the greatest of all, for her assets are the largest, and she has also had a considerable outgo that Australia has escaped. During the many years that England regarded Australia as an imperial Prison, the Home Government financed it and provided it with many public works, but New Zealand had to provide her own. Moreover, there were no Maoris to buy out or fight at great cost; the savages in Australia were so few and so degraded that they were ignored in the settlement of the country. The English recognized no right of possession in the former inhabitants of Australia or Tasmania and they were not strong enough to resist, so that only New Zealand has interest to pay on native land purchases or native war debt.

*More than double, as we have seen above.

² An English nobleman, director of a great company, said to a New Zealander: "It seems to me your colony is going to the dogs." "What makes you think so?" replied the colonist. "You are in debt so large an amount per head that I think you must be in a very bad way," said the Englishman. But he was asked: "Would you make out the balance sheet of your company in that way, only showing the liabilities and not the assets? If you did so, you would find your debt much greater per head of the stockholders than that of New Zealand; so that according to your test you are in a very bad way, a much worse way than we are, altho you think you are one of the richest companies in England. New Zealand does not incur indebtedness to anywhere near the extent that the flourishing companies of Great Britain and the United States do."

*Napoleon was in the habit of taking funds and valuables wherever his armies went, with a view of making the conquered countries pay for the privilege of being conquered; so the debt incurred for his wars never was as large as the magnitude of his operations might lead one to expect.

is for public works. In England and America also nearly the whole debt is for war, and very little for public works. In the case of New Zealand, less than 5 per cent of the debt went for war; at least 60 per cent (probably over 70 per cent) represents public works and land; 8 per cent more went into loans to settlers and municipalities on good security; and about 5 per cent was used for the encouragement of immigration, which might also be considered a productive investment.

When Sir Julius Vogel asked for the first appropriation for public works and immigration in 1870 he said: "The million and a half (pounds) for immigration I suppose to be expenditure of an immediately productive nature." If the money had been spent to put cattle on the land it would have been considered a business investment, and men are certainly worth quite as much to the country and its productive power as cows and horses. A good cow will produce forty or fifty dollars worth a year in New Zealand, and a good man one or two thousand dollars worth. It is the presence of the people that gives value to the land and buildings and everything else.

It appears then that only about 5 per cent of the New Zealand debt is waste, while 80 per cent of the French debt is unproductive, and in case of England and the United States over 90 per cent of all the debt ever incurred has been for

war and economic waste entailed by the misbehavior of men.

To sum up this important matter: There are two kinds of debt: one representing existing value, and the other nothing but fire works or some form of waste. These two sorts of debt must be carefully distinguished, or increasing wealth may be mistaken for poverty, and *vice versa*.

New Zealand's debt represents in large part the value of railways, telegraphs, telephones and other public works owned by the State; and another large part represents land purchase and loans to settlers. All these investments are remunerative.

CHAPTER XLI.

WHAT NEXT?

OR THE FIGHTING LINE IN NEW ZEALAND'S POLITICAL AND SOCIAL AFFAIRS.

There seems no reason to doubt that the rapidly accelerating movement in the direction of better organization and equalization, transformation of competition into coöperation and private monopoly into public ownership, that has filled the recent years of New Zealand's history will continue in the future. Some of the possible achievements of coming years as indicated by the trend of events, the temper of the people, and the definite utterances of their statesmen are as follows:

- (1) Nationalization of the great steamship lines.
- (2) State Fire Insurance.
- (3) Complete nationalization of the banking system by taking over the middle-class banks, to do for all sorts of business men what has already been done for the farmers, tradesmen, and workingmen.
- (4) Complete nationalization of coal mines, carrying to the limit the State ownership and operation of coal mines already begun.
- (5) Further nationalization of the land, carrying to their natural conclusion the State leasing system and the resumption and division of large estates.
- (6) Further absorption of street railways by municipalities or the State.
- (7) Still more ample provision for workingmen's homes, and entire elimination of anything like slum districts in the cities and towns.
- (8) The zone system on the railways.
- (9) Nationalization of the news service.
- (10) Making the rivers furnish electric power to run the railways and factories of the Colony.
- (11) Extension of the use of the Referendum and Initiative.
- (12) Majority choice through preferential voting or the second ballot.
- (13) Proportional Representation.

- (17) The "elective executive," or Ministry chosen directly by Parliament.
 - (14) Popular election of Senators, or Abolition of the Senate.
 - (15) The popular recall.
 - (16) Admission of women to Parliament.
 - (18) Improvement of municipal government on the principles so successfully applied in England.
 - (19) County electoral reform.
 - (20) Commencement of "old-age pensions" at the date of disability, and greater flexibility in the amount.
 - (21) The 6-hour day.
 - (22) National prohibition of the liquor traffic.
 - (23) Abolition of the totalisator, a sort of gambling arrangement.
 - (24) Regulation of trusts and combines.
 - (25) Free transportation.
 - (26) Free legal advice. Government law offices where public lawyers may give the people advice free, or at least at such reasonable cost that a man would not have to suffer injustice because unable to pay a lawyer to tell him his rights.
 - (27) Free justice, protecting the poor in their rights as well as the rich, and making the administration of the law depend on the merits of the plaintiff's case, and not on the size of the pocket-book.
 - (28) Thorough regulation of tenements till the land is fully nationalized.
 - (29) Reduction of the tariff on necessities.
 - (30) Increase of the progressive land and income taxes.
- (All these subjects are discussed in full in the large book.)

These are some of the things that newlanders are uniting to demand of their Government as we would say, or as they would say in the words of Minister McEwen, some of the things "we are uniting to demand each other to get by the use of political powers."

CHAPTER XLII.

THE ANTE-CAUCASIAN PERIOD AND THE EPOCH MAKERS

The history of New Zealand since man came on the scene falls into four divisions. The Ante-Caucasian Period, ending with Cook's landing, 1768; (2) The Period of the White Invasion, culminating in annexation to the British Empire in 1840; (3) The Ordinance Period, during which the Colony was ruled by English Governors and their ordinances, 1840 to promulgation of the New Zealand Constitution Act 1853; and (4) The Parliamentary or Constitutional Period of self-government, 1853 to the present time. The Constitutional Period divides into Provincial Age, 1853 to 1876, and the National Age, 1876 to the present date. The leading event of the first period was the landing of the Maoris about the middle of the 14th century. In the second period the coming of the missionaries, the signing of the treaty with the natives, the first organized efforts at settlement, are the principal facts. In the third period the difficulties with land titles with the natives occupied the chief

place, but the establishment of courts, roads and bridges, postal facilities and banking, also received attention. The great facts of the Constitutional Period are the organization of popular government with a responsible ministry, the public works policy, civil service regulation, electoral reform, land monopoly, falling prices, the big strike, and the all-important Liberal-Labor victory at the polls in 1890, with the land, labor, tax, bank, suffrage, and Senate legislation resulting from it.

The history of the Colony clusters about the various stages in the development of her Government as population gathers around the strategic points of a railway system, or iron filings around the poles of a magnet. From 1840 to 1869 the actual control of affairs was largely in the Governor. At first this was because he was the only power in the field, and later because of the strength the office had gained in the early years and because of the powerful personality of some of the Governors, especially George Grey. In 1840 there were no means of communication such as now enable the results of a cricket match in the Southern Hemisphere to be proclaimed in the streets of London at noon on the day of the play. It took the Governor of New Zealand eight months to send a message to England and get a reply. The necessities of the case, therefore, made the Governor and his Ordinances in Council the actual controlling power in the Colony. When

the Constitution went into operation, and Parliament assembled, there was a battle royal between the Assembly on the one side and the Governor and his staff on the other. And even after a responsible ministry was established it did not really control the administration till after the retirement of Governor Grey in 1868.

From 1869 to 1890 with little interruption the Government, as we saw in an early chapter, was in the control of the Fox-Vogel-McLean-Whitaker-Hall-Atkinson combination, known as "The Continuous Ministry," which was progressive as to public works and the ballot, but conservative as to land, labor and taxation.

Since 1890 the Government has been in control of the Liberal Ministry, which is progressive on all lines. The Progressive or Liberal Party was born in 1877, but did not get thoro control of the Government till January, 1891. Since then there has been no break. Even when Premier Ballance died, in 1893, a member of the existing cabinet was made Premier, and the new chief, Richard Seddon, is still Prime Minister. So that the Liberal Ministry is really more entitled to be called the Continuous Ministry than the old Fox-Atkinson vitascopic succession. It has been in power without a break for over 12 years, more than twice as long as any other ministry was ever in office without interruption. The first four ministries in New Zealand were strangled in their cradles, and as late as August, 1884, there were three weeks of political

upheaval in which three ministries went down.

The accompanying diagram exhibits to the eye the principal points in the political history of the Colony since its annexation. It will be noted that the first great development (national railways, State insurance, public trust office, etc.), directly followed the accession of the popular Ministry to full executive control; and that the second great development (in the Liberal period from 1890 on) immediately succeeded the transfer of electoral power from the large land-holders to the mass of the common people through the combination of the residential qualification for the suffrage with the one-man-one-vote principle which went into operation at the election, December, 1890. This sequence of events is much more than a mere coincidence. There is a real casual relation between the democratization of power on the one hand and progressive energy and national development on the other. Yet it would undoubtedly be a mistake to regard the expansion of popular power as the sole or perhaps even the chief reason for these periods of national advance. The mixture of causes is manifest. In the latter case, the emphatic need for advance, and the existence of honest, thoughtful, vigorous and united leaders and voters, were quite as essential as manhood suffrage, else other democratic nations would have made similar progress; and in the earlier case the change of power was coördinated with Vogel's personality, and the attainment of settled peace.

GOVERNMENT

Period of control by Governor.	Governors		Events
(1840)	Capt. Hobson.		Annexation. Treaty with Natives.
	Lt. Shortland, 1842		Conflict with natives, 1843.
	Capt. Fitzroy, 1845		War with natives, 1845-6.
1845	Capt. Geo. Grey.		Peace, 1846-1860.
1850			
(1863)	.....		Constitution proclaimed, not altered till 1875.
	Col. Wynyard, 1854		1st Parliament, 1854, trouble. agitation for responsible ministry.
	Col. Browne, 1855		2d Parliament, 1856, House of Representatives fairly at work.
			Responsible government established, 1856.
			Stafford, Premier, 1856-61.
			War with natives, 1860-1870.
1860	Sir. Geo. Grey, 1861		Fox Ministry, 1861.
			Whitaker-Fox Ministry, 1863-4.
			Stafford Ministry, 1865-9.
1865	.....		Postal Savings Banks.
1868	.....	Grey recalled.	He was the last Governor who took an active, leading part in the government. After this the real executive power is in the Ministry.

GOVERNMENT---CONTINUED.

		Ministries	Events
Continuous Ministry. Conservative control almost uninterrupted from 1868-1891.	(1869)	Fox-Vogel-McLean Ministries, 1869-77.	Peace. Public Works Policy. National Railways, 1870.
	(1870)	Except Stafford, 1 month, 1872.	<i>Australian Ballot, Gov't Life Insurance</i> , established 1870, under law of 1869.
		Vogel, 1873-76, except Pollen, July 6, '75-Feb. '76,	<i>Public Trust Office</i> , 1872.
	(1876)	Atkinson, 1876-77.	Provinces Abolished, 1875-6.
		Grey, Premier, 1877-9.	Grey's appeal to the people on a democratic platform, 1876-7.
	(1879)	Hall-Atkinson-Whitaker Ministries, 1879-1891, except 1884-1887.	Land Act, 1877. Land-Value Tax, 1878. Repealed, 1869.
	1880	Whitaker, 1882-3.	Residence made sufficient qualification for voting, 1879.
		Atkinson, 1883-4.	
	1886	Stout-Vogel, Sept. 1884-Oct. '87.	<i>Ballance's plan for settling idle labor on idle land</i> under Gov't lease, and aiding settlers with Gov't loans, 1886.
		Atkinson, '87 to Jan. '91.	Non-Political Railway Commission established, 1887.
Liberal control 1891 on	(1889)	.....	One-man-one-vote. Equal manhood suffrage under direct nominations and unpartisan balloting.
		.....	Great strike and its failure.
	(1890)	.....	Organized Labor at the Ballot Box hand in hand with the Farmers.
			LIBERAL-LABOR-FUSION VICTORY
	1891	Ballance, Premier, 91-93.	Term of Senators changed from life to 7 years, 1891.
			<i>Graded taxation</i> , 91.
			Women <i>Co-operation</i> , '91.
	1893	Seddon, Premier since death of Ballance.	Suffrage: <i>Land & Labor laws</i> , '92-4.
	1894		1893 <i>Referend'm on liquor</i> , '93.
	1895		<i>Industry's arbitration</i> , '94.
	1896		<i>Resumption of large estates</i> , '94.
	1898		Political <i>Railways for service</i> , '94.
			equality <i>Nationalisation of Land and credit</i> , '94-5.
	1896		municipal <i>Local land tax</i> , '96.
			elections, <i>State buys patents</i> , '97.
	1898		1898 <i>Old-age pensions</i> , '98.
	1900		
	1901		<i>State operation of coal mines</i> , 1901.

The heavy-faced years relate to the most important events in the third column, and the dates in parentheses are governmental turning points, marked by vital changes of government control or policy strongly affecting the subsequent history of the Colony.

Native affairs constituted the main problem of the Colony during the whole of the Gubernatorial Epoch, both before and after the establishment of the Constitution. From 1860 to January, 1870, the whites were in almost constant warfare with the natives. Yet the measures adopted during these years show that civic progress was not lacking even in this time of struggle.

The age of vigorous national development really began, however, with 1870. Till then the Colonists had been occupied mainly with problems of safety and subsistence. The whites by that time outnumbered the natives more than five to one, and the peace of January, 1870, left

them practically free to do what they pleased with the new country. The era of railway development and assisted immigration that followed was largely responsible for the strong public sentiment that has wrought the remarkable changes of recent years. The public works showed the people what the Government could do for them. And the growth of land monopoly that followed the building of railways forced upon the people the necessity of action.

The leading events of the National Age fall naturally into two groups which we may call the Government Group and the Politico-Industrial group. The first includes the following important items:

Abolition of the Provinces corresponding to our States.....	1870
Triennial Parliaments in place of the 5-year term.....	1879
Seven-year terms for Senators in place of the life tenure.....	1891
Competitive examinations established for the civil service.....	1886
The Australian ballot, alphabetic, and free from party designation	1870
Residence made sufficient for voting in national elections.....	1879
In municipal elections.....	1898
One-man-one-vote principle established in national elections.....	1889
In municipal elections.....	1898
Direct nominations: in early years, viva voce, but since September,	1890
nominations are made in writing signed by a small number	
of voters (2 or more) and accompanied by consent of the	
nominee and a \$50 deposit.	
Equal suffrage without regard to sex.....	1893
Abolition of the property qualification even as an alternative....	1896

When we remember that only twenty-three years ago a man without property qualification could not vote in New Zealand, and that a dozen years ago a rich man could vote 5 times in municipal

elections, and as many times in national elections as the number of districts he could travel to on election day, we may realize how great a change has taken place in the Government of the new democracy.

Before 1870:

Postal system, with parcels post.

Postal savings banks.

Telegraphs.

Title registration.

1870 to 1875:

National railways, telephones, and water works.

Government insurance.

Public Trust Office.

1890 to 1902, inclusive:

Organized labor at the ballot box.

Farmers, workmen, small merchants and manufacturers, etc., voting in harmony and carrying the election in the interest of the common people.

Progressive taxation of land-values and incomes with exemption of improvements and small men.

Resumption and division of large estates, and effective limitation of the area one man may hold.

Gradual nationalization of the soil an established policy.

Government loans at low interest to farmers, traders, and workmen.

Government management of the principal banks of issue.

Nationalization of credit.

Referendum on local land-value tax, and on the license question.

Labor laws, factory, shop, and mining acts, truck and wages acts, etc.

The 8-hour day, half-holiday, seats for shop girls, ventilation, safety, and no sweatshops.

The unemployed helped to get work by State employment bureaus and the Public Works, Land, and Labor Departments.

Direct employment in place of the contract system in public works.

Coöperative industry.

Suburban homes for workmen at low rents.

State railways operated for service instead of profit, and used to aid education and help the farmers and workmen.

Industrial arbitration and practical abolition of strikes and lock-outs.

State annuities for the aged poor.

State ownership and operation of coal mines.

THE PEOPLE.

What about the people who have done all this? What is their ancestry, their character, condition and development? The people of New Zealand are comparatively few, about 8 to the square mile against our 26, England's 340, and Belgium's 590, but they are for the most part of excellent stock, the same stock, in fact, as ourselves, the good old Anglo-Saxon, with English predominant, Scotch next, and Irish third,—one of the most

homogeneous blends of the world's best blood to be found on earth. The foreigners are too few to color the strain, and the Maoris are too weak to have any controlling influence on the course of events or the institutions of the Colony. It is an Anglo-Saxon civilization, and its political and economic experiments are Anglo-Saxon experiments.

The following table shows the white population and the rapidly-diminishing significance of the brown and yellow people:

	Persons of European descent	Average annual rate of increase	Maoris	Chinese
1840.....	2,000		60,000	
1853.....	32,000	115%		
1861.....	99,000	26.		
1871.....	256,000	15.8	46,000	5,004
1881.....	489,933	9.	42,000	4,444
1901.....	772,791	2.3	43,101	2,857
1902.....	792,000	2.5		2,857

A few half-castes, or mixed European and native population living among the Maoris are included in the first and also in the third columns.

The total population at the last census, March, 1901, was 815,820.

The total population now, April, 1903, is about 850,000. The present rate of increase is not high. Immigration from Europe is discouraged by distance and cost, and immigration from Asia is practically prohibited by law. The people do not marry very early in life, which helps to make the birth-rate low, and may have some relation to the fact that the death-rate is also very low. From 1890 to 1901 the number of marriages among the whites each year rose from 6 to nearly 8 per thousand of population, while the number of births per thousand fell from 29½ to 25½. All authorities agree that the decrease in the size of families is due to the resolve of an educated people to maintain a high standard of health and comfort. In a healthy country and among a prosperous people a low birth rate is a sign of the highest wisdom. The Merry Age of England followed the elimination of surplus population by the plague. The Black Death was a cruel

adjuster. But intelligence will find a way to bring and keep the Merry Age of the Earth by getting the growth of population in tune with the progress toward perfecting the conditions of existence, and sending out invitations to the unborn with some regard to the probable comfort of the guests when they arrive.

Children are well cared for. New Zealand education is free, universal and compulsory. A little larger proportion of children is in school than with us, and illiteracy is less. Aside from the Maoris practically all the people over 12 years of age can read and write, a good common school education is the rule, and higher education is very general. Religion is not compulsory, but appears to be practically universal, or at least its profession is,—96 per cent of the population is put down as belonging to some religious denomination, 81 per cent Protestants, 14 per cent Catholic, nearly 1 per cent Jews, Buddhists, Spiritualists (339), and Mor-

mons (206), half of 1 per cent no denomination, a quarter of 1 per cent unspecified, a little over 2 per cent object to stating their religion, and a little less than 1 per cent are known to be unreligious. In the United States about $\frac{1}{3}$ of the people are members of some church, 30 per cent of these being Catholic. The basis of classification is evidently wider in New Zealand than with us.

Morality and intelligence are both very high. There is nowhere a people more kindly or with a deeper sense of justice. They are law abiding, industrious, independent, prudent, prosperous, temperate, tolerant, and open-minded, and their energy and public spirit are superb.

The vigor, self-reliance, and initiative of the New Zealanders astonish their visitors. Those who imagine that public ownership and State activity blight these qualities must find New Zealand a paradox. Nowhere are the functions of Government wider, and nowhere are self-reliance and individual initiative more remarkably developed. The working classes look constantly to the State for assistance in various forms, yet they do more for themselves, and make better provision for the future in life insurance, bank deposits, etc., than the workers of any other country. The explanation is easy. The Government in New Zealand is not Paternalism but a Fraternalism. Government help is self-help, the partners using the firm to do their work. And Government activity is the consensus, or resultant of individual activities; one manifestation of individual initiative; self-reliance in compound or coöperative form.

The criminal record per thousand of population is low; lower than in England, France, Germany, or the United States, and only half what it is in some Australian Colonies, New South Wales, for example. The number of persons in prison per thousand inhabitants is less than half what it is in the United States. Illegitimate births are few. The ratio of drunkenness is light. The per capita consumption of alcoholic stimulants is much less than in any of the Australian states except Tasmania and South Australia, and less than half the average consumption in this country. The Colony is distinctly and increasingly sober.

The civic virtue of the people is shown by the honesty of the Government and the wise and hearty interest the citizens take in public affairs. Chief Justice Stout says, "So far our State has been free from corruption of any kind." And again, "There is a tolerance of opinions and there is an altruism and a growing civic conscience clearly manifest." Years ago Bishop Selwyn said that political corruption had never existed in New Zealand. And recent authorities thoroly familiar

with the Colony confirm the statement and bring it down to date.

Reeves declares "There is no political corruption." And Walker says: "Personal corruption I am confident does not exist. . . . The general political tone is healthy, and is stimulated in all provinces by a high-class press, which uses its great influence in a conscientious manner."

The United States Consul reports to Washington that New Zealand "is more truly democratic than any other country in the world." Civic spirit is vigorous and acts on a high plane. Voting is regarded not merely as a right, but as a duty, and not only a moral duty but a legal duty, the exercise of which is made compulsory. The Government is not regarded as the enemy or even as the guardian of the people, but as their friendly, wise, and trusty servant. An Irish immigrant just landed in New York, when asked if he were a Democrat or a Republican replied, "Oi dunno fwat is a dimecrat or raypooblican, but oi'm agin the Gov'ment." The people of New Zealand own their Government and therefore do not need be "agin it."

Social life is as democratic as political life. The American Review of Reviews, vol. 13, p. 81, quotes the following from a prominent New Zealander:

"While I write these words, the fan and gloves of our 'general servant' are lying on the kitchen dresser. She is an excellent servant, and the dresser is a very clean one. She is going out to-night in full evening costume to the Boating Club ball. This club is composed chiefly of young workingmen. Her invitation comes from the Captain, a well-known barrister, the secretary and treasurer, who will introduce her to plenty of partners, all in swallow-tail coats! I anticipate that her program will be filled up at once. She will meet there and may dance in the same set with the daughters of the Premier of New Zealand and other notable personages."

The people are fond of athletics and other sports, yet they are readers and have taste in literature. All the best English and American books and magazines are to be found in their libraries and homes. The North American Review, the Atlantic, the Arena, Forum, Harpers, McClures, Cosmopolitan, Century, Scribners, etc., are much read in New Zealand families, and Lowell, James, Holmes, Clemens, Howells, Emerson, Parker, Hawthorne, Whitman, etc., are among the favorite authors. The press is dignified and able like the English, after which it is patterned. There is, however, an over-earnestness in discussion, both oral and written, which is thought by some to be the greatest fault of the New Zealanders. As in America also there is too much of

the spirit that is not kind nor even fair to those who differ radically in their views. "The New Zealanders are like Americans in their severity on persons who criticise them, and in the savage literary criticism that makes a sort of football sport of every new author's production."

The people are healthy and long-lived. The death rate is less than 10 (9.6) in a thousand. No other nation has so low a rate. As insurance companies know the expectation of life is higher than in Europe or America and the difference is specially marked among the working classes. The average worker in England is as old at sixty as the New Zealand laborer at sixty-five, or seventy. Some of the most pestiferous diseases that afflict other countries are unknown in New Zealand.¹ The climate is healthful and the burdens and cares of life are less than in most countries, thanks to the Liberal institutions.

The women are robust, wholesome, home-loving, intelligent, public spirited. "In a land where millionaires are unknown and paupers few; where towns are as loosely spread amongst gardens and plantations as the most scattered English villages; where $\frac{1}{4}$ of a million Colonists, nearly all of British origin, are sprinkled at the rate of seven to the square mile among sublime mountains and pleasant

valleys in the healthiest climate in the world, it would be odd if English-women were anything but a wholesome, home-loving race." Travelers are specially charmed with the pretty mill girls who ride to their work on bicycles. Mr. Carpenter says:

"The Islands are full of pretty girls, and they look more like the women of England and Scotland than the tall 'corn-stalk maidens' of Australia. The average of intelligence is very high, and in manners and dress they will compare favorably with the girls of the United States or Europe. They are thoroly up to date as to public manners. They discuss the political issues with each other and with the men, and they are quite as beclubbed as the women of the United States. Every town has its Shakespeare Club, and its Woman's Temperance Society. There are golf clubs and croquet clubs, and, in fact, all the organizations to which the 20th century woman is so glad to belong."

The leading industries are agriculture and grazing, tho mining, manufactures and commerce receive a good share of attention. New Zealand is a great wool and meat producing country, with valuable timber and mines, and plenty of water power. Eighteen per cent of the breadwinners in New Zealand are females and 18.3 per cent in the United States.

¹The following table, made up from data derived from the highest authorities, tells the story. The wealth of New Zealand per inhabitant is \$1,500 net after subtracting her debt.

	Net wealth per inhabitant	Average annual income per inhabitant	Average annual expenditure per inhabitant
New Zealand	\$1,500	\$220	\$176
Australia	1,350	215	170
United States	1,800	210	185
United Kingdom	1,400	180	150
France	1,800	165	120
Denmark	1,150	...	105
Holland	1,060	115	105
Belgium	830	135	125
Switzerland	850	110	90
Germany	800	110	100
Austria	525	90	70
Italy	520	70	55
Russia in Europe	300	50	46

Not only is wealth more prevalent and income larger in New Zealand than elsewhere, but wealth is better diffused than in other countries. And the laws and institutions are framed on purpose to secure a still greater equalization of wealth. Paupers are very few, and dire want does not exist. There is no aristocracy and millionaires are so scarce and unobtrusive that their existence is disputed. Multi-

millionaires, at least with any emphasis on the multi, are certainly not to be found in New Zealand.

CHAPTER XLIII.

CONTRASTS AND CONCLUSIONS.

The similarities and contrasts revealed by comparing New Zealand with the United States are of the deepest interest. Both countries are in the civilization belt; both new, and isolated from the old world by wide oceans; both free, liberal, progressive; settled by the same stock, with the same language, literature, traditions and religion, similar institutions,

¹Smallpox and typhoid, for example; see statement by Sir Robert Stout in Open Court, Vol. II. He also says there is no disease among the cattle, sheep or horses, J. Statis. Soc., vol. 55, p. 388. Later reports from the Department of Agriculture show that tuberculosis has gained a slight hold among the cattle.

and practically identical methods of education through the universal public school.

Wide ranges in the United States have a climate substantially like that of New Zealand; the same marvelous productive power is here, the same tremendous energy, the same freshness and freedom and wonderful flexibility of life that favors creation, discovery, and development. New Zealand's soil is not more fertile than ours. Nowhere is there a richer soil than in the Mississippi Valley. The big crops of the Middle West and the big trees of California are unsurpassed as examples of productive energy. The luxuriance of the Pacific slope is a dream of beauty. The flora of New Zealand cannot grow faster than the flowers of California. The vigor of our Northern air is unexcelled. The resources of our country are greater than New Zealand's; our rivers are larger, and waterfalls more powerful, our scenery more magnificent. We have the noble forests, broad plains and rolling prairies, the snowy mountains and the sea, the Olympic range and the Adirondacks, Niagara, and Yosemite, the Grand Canon and the Yellowstone, Lake George and Watkins Glen.

The predominant element in both countries is Anglo-Saxon. The Pilgrim fathers and the colonists of New Zealand carried the blood of England, and her laws and institutions, to their new abodes. The history of each of these English settlements, the American and the New Zealandese, is a record of astonishing progress. The development of each is one of the wonders of the world. The New England Yankee is the keenest and most common-sense development in the Northern Hemisphere, and the New Zealanders are the keenest and most common-sense of the Southern Hemisphere. They are the Yankees of the South Pacific. In fact, New Zealand is a little America, a sort of condensed United States. If all the nations of the world were classed according to the number and importance of their points of resemblance, the United States, New Zealand and Australia would stand in a group together, with England, Switzerland and France close by, and Belgium, Denmark, Germany, and Scandinavia not far off.

England has been for centuries a leader in the paths of liberty, commerce and finance, and now stands foremost in coöperation. France gave the nations a tremendous lesson in democracy by revolution, a hundred years ago, and now heads the list in the realms of art. Switzerland has put the capstone on the political work of England and America, by showing us how to make our representative government really representative, by

means of the initiative and referendum, proportional representation, and the popular recall. Belgium has supplied the best object lesson on the full application of proportional representation in her national and local elections. Germany has shown the world how to unite a mass of monarchies and aristocracies into a giant empire with Republico-Imperial organization, as America has illustrated the federation of a mass of democracies in an imperial republic. And Australia has given the most astonishing exhibition in franchise extension by adopting woman suffrage throughout the national elections of a continental commonwealth as large as the United States. But the two leaders that are attracting most attention among civilized nations now on account of their leadership are undoubtedly the United States and New Zealand.

The world, however, does not look to these two leaders for the same purpose. Their paths diverge. Their leadership lies in different spheres. America leads the world in invention and material development, and massive organization of industrial and commercial enterprise, and even invades New Zealand with her locomotives and machinery. New Zealand's distinction lies in her practical application of the principles of civic and economic justice in the most remarkable politico-industrial movement toward diffusion of wealth and power that is recorded in history. She leads the world in the discovery and application of effective measures for the equalization of opportunity, wealth and power, and the uplift of the common people. The fundamental difference between the two countries lies in the aims of the people and the direction given to the current of their vital energy. The United States in recent years has devoted her superb vitality to the development of machinery, the organization of business for private profit, and the building of giant monopolies; while New Zealand has devoted her superb vitality to the development of just political and industrial institutions. That is the core of the striking contrast revealed in the recent history of the two countries. America aims at the dollar; New Zealand at the man. America has been too busy gathering wealth to give due thought to the social, political, and moral effects of the various methods of its production and distribution. New Zealand's attention has been focused on these effects, and she has tried to arrange her laws and institutions so that the creation, division, possession, and expenditure of wealth may proceed on lines that shall make them an unmixed blessing to the community.

Numerous contrasts of more or less importance may be pointed out, which

Illustrate the results of this fundamental difference in thought and purpose, or help to explain how the vital difference of aim and motive came to exist.

The United States is in form a republic, but in fact, at least so far as the National Government is concerned, it is largely a Government by wealth,—a plutocracy—an aristocracy of industrial power. New Zealand is in form an imperial province, but in fact it is substantially a republic. The will of the great body of the common people is in actual control of the Government.

Years ago the larger part of the United States was really a republic, but the power of the people has gone down as the power of wealth has risen, till now the Government often represents the corporations and party machines more fully than it represents the public. The trusts and monopolies have more influence in our legislative bodies than the people. A few years ago in New Zealand land aristocracy was in the ascendant, but it has gone down and the power of the people has risen to full control. The movement of the last decade has been toward plutocracy in the United States, and away from it in New Zealand.

Our people have an easy-going confidence in the future of the Republic because of its wonderful history. We boast of our freedom while a new tyranny is silently but rapidly growing round us. New Zealand has awakened from the dream of confidence and knows that political liberty is not safe till industrial liberty is established and the Government rescued from the hands of the monopolists.

In New Zealand organized labor uses the ballot to accomplish its ends, but in America the workingmen carefully refrain, for the most part, from using this greatest of all the powers they possess.

The capitalists have stood together in the United States, but the farmers and workingmen and small merchants and manufacturers have divided. In New Zealand the capitalists have stood together, but the workers and the farmers have stood together also, and have carried the day against the capitalists.

In America the farmers organize for agricultural ends, and the workingmen organize for labor purposes, but they do not join forces to take control of the Government in their common interest as is the case in New Zealand. Not only have our farmers and workers failed to come together, but neither group has learned to use the ballot for its interests in any systematic way. The farmers divide at the polls, and organized labor divides at the polls. In New Zealand the small farmers are practically solid at the ballot box, and organized labor is solid at the ballot, and the two solids are welded together into one irresistible solid.

The agricultural population forms about 40 per cent of the total population in New Zealand, and the farmers have 40 per cent of the representatives in the National House, without considering the Maoris, who are all rural. In the United States the agricultural population is also about 40 per cent of the total, but has only 9 per cent of the National representatives. On the other hand the lawyers have only a small representation in the New Zealand House and a very large one in our Congress and legislatures—12 per cent in New Zealand against 60 per cent in our Congress and some of our legislatures.

In America the people have the *right* to govern; in New Zealand they *do* govern.

Private ownership of the vital franchise monopolies flourishes in the United States, with overcapitalization, stock speculation, and a strong tendency to buy up the Government, and get rich by capture rather than by industry. In New Zealand the great franchises belong to the people, with honest capitalization, and no boodle pressure on the Legislature.

Here political corruption is a byword, there political corruption is unknown.

Legislation is for sale in the United States. It cannot be bought in New Zealand.

Legislation is largely for class interest with us. In New Zealand legislation is in the interest of the people as a whole.

Here large numbers of wealthy stockholders have a financial interest in the election of corruptible men and corporation tools. There the financial interest of the wealthy is in harmony with honest Government, and fair administration of public utilities.

Women vote throughout New Zealand on the same terms as men. In four of our States they do the same thing, but the other 41 do not recognize the political equality of women.

In the United States a few men decide who shall be nominated for office. The election machinery is in the control of party machines. Caucus and convention methods effectually exclude free and independent selection by the people, and put the nominating power in the hands of professional politicians. In New Zealand nominations are made directly by popular petition without the intervention of caucus or convention.⁹

In New Zealand the methods of nomination and election lead to a cancellation of individual errors and self-interests, and give results in accordance with the collective wisdom and the public interest. In America the methods of nomination and election relegate politics to the dominion of party leaders and machines, and lead to results that accord with their private interests.

In short, New Zealand has obtained her great results, and shot ahead of other nations, largely because her people are less fettered by undue devotion to party, and more given to the united support of men publicly committed to special policies and measures. As long as we make the success of party the prime political object, we cannot expect to make such progress as New Zealand has made. We could now, without destroying any party or creating a new one, unite in supporting candidates for Congress, Legislature and Councils who will commit themselves publicly and by definite pledge, or agreement in writing, to support the referendum on franchises, or direct legislation in full, or direct nominations, popular election of senators, progressive taxation, or any other measure deemed desirable. If the party candidates in any district refuse to do this, independent people's nominees can be put in the field in that district. There is a most hopeful movement now in

this direction of pledging candidates," and it is found that the candidates of the leading parties are, as a rule, quite ready to commit themselves to measures of general utility on which the people or any considerable group or organization of people place decisive emphasis. It is only necessary for the people to focus their attention on measures instead of party success, question all candidates and publish their replies in the press, and the wheels of progress can be made to move with vigor.

The Speaker of our House of Representatives is called a "Czar" because his arbitrary will determines who shall address the House and who shall not. No matter how many hundreds of thousands of people a member may represent in the cause he stands for, and no matter how many times he may get the floor and call out "Mr. Speaker" ahead of any one else, he cannot speak unless the Speaker chooses to recognize him. If the Speaker thinks it would be better for the interests of his party not to permit the said member to address the House, he calmly turns his eye away and recognizes some safer man.* In New Zealand the Speaker of the House is its servant, not its master, and is there to see fair play, not to control national legislation in the interest of any party. Any member who gets the floor is recognized and has his say under the rules like any other member, even tho he is so full of atmosphere as to make a hundred speeches on the same bill, which goes to the other extreme we think, but is nevertheless more in accord with the principles of liberty and true republican Government than a system that reduces the National Legislature to a monarchy acting in the interest of a party despotism.

In the United States the individual conscience of the voter is largely swallowed up in party. To be untrue to conscience is nothing; but a breach of party allegiance, to be disloyal to party, is an unpardonable sin in American politics. "In New Zealand there is no boss, and no ring; absolutely no spoils of office, and no party funds. The Civil Service rules include all officials of whatever rank or kind except the members of the Cabinet and judges of the highest courts. Organized party is totally absent excepting within the Parliament itself. There is, therefore, no person or persons to whom the candidate for office can go to bargain for a seat in the Assembly except the citizens of the particular district which he hopes to represent. This principle is fully recognized and fully provided for by the electoral laws. The clumsy, expensive and useless device of primaries has no place in the system; the expedient of a nominating convention is alien not only to the practise but to the principle of the system. The object is to produce a real representation of the people, not a mock one through the medium of a party, and therefore it is recognized that the fewer intermediaries of any kind there are between the people in each district and the men who represent them, the more likely is the best man to be chosen; this is the essential difference between the representative ideals of Australasia and America, and it goes to the very foundations of government."⁸

A fish has multitudinous offspring at a single session; an elephant only one, but the quality is in inverse ratio to the quantity. Overproduction is a sign of low development. Legislation is in the fish stage in many states and countries, and nowhere yet in the elephant stage. Last year (1901) the Legislature of Rhode Island (representing 428,559 people) enacted 104 public laws, 41 private bills and 104 resolu-

tions public and private, a total of 253 acts, or one for each 1700 people. The New Zealand Assembly (representing 815,820 people) passed 74 public laws and 29 local and private acts and resolves, making a total of 103 acts, or about one to 8000 people. Or taking areas there was one law for each fifty square miles in Rhode Island and one for each thousand square miles in New Zealand. The Connecticut Legislature (representing 908,420 persons) passed 750 acts, or more than seven times as many as New Zealand. New York with 7,263,894 people enacted 747 laws. North Carolina with 1,893,810 people passed 1265 acts, and Massachusetts with 2,805,346 population passed 652 acts. In Switzerland with a little larger population (3,312,551) the National Legislature passes 25 or 30 laws in a year. The British Parliament (legislating generally for 400,000,000 of people and especially for 42,000,000) enacted 40 public laws and 281 local and private acts in 1901. The Congress of the United States (legislating generally for 88 millions in the States and Empire) enacted the same year 185 public laws, 955 private acts and 18 resolutions.

In New Zealand as a rule legislative acts are carefully drawn and considered by responsible ministers. In the United States, they are drawn by the rank and file, or by their constituents, and considered by irresponsible committees. The mass of bills is too great for any legislator to investigate or understand more than a small fraction of the matters he is to vote upon.

Aside from the tariff, taxation in New Zealand is placed according to ability, and falls on the rich, not on the poor. Taxation here is largely according to the lack of ability to escape it. Improvements and enterprise and small men are all exempt in New Zealand; none of them are exempt with us. The taxing power in New Zealand is largely used to correct abuses and equalize wealth. With us it is used in such a way as to create abuses and intensify industrial inequality. The wealthy owner frequently pays taxes on only a tenth or a 20th of the value of his property, while the small man is taxed at full value or near it; and a rich corporation is assessed on 2 per cent of its valuation, while the general average of assessment in the same locality is 50 or 60 per cent of the value.

Our methods of assessment place the highest ratio of taxes to resources on those least able to bear it. New Zealand's progressive taxes place the highest ratio on those best able to bear it.

The machinery and inventions of the United States surpass those of New Zealand as far as her political methods excel our own. New Zealand buys locomotives from our Baldwin works, and we may import a few of her ideas with equal benefit.

The genius of America devotes itself to industrial organization, the building of giant trusts and corporations, and in this field we have no rival in the world. The genius of New Zealand devotes itself to political organization and improvements in relation to her civic life, and in that field she has as yet no equal.

Our organization is for private profit and industrial conquest; hers is for justice and the public service.

We have a National Labor Bureau and an able Commissioner, but the department is generally limited to the publication of statistics. New Zealand has her Labor Minister, a member of the Cabinet, and the principal duty of the Department is to find employment for the unemployed and improve the conditions of labor, the publication of statistics being a subordinate function.

New Zealand has a Parcels Post that will carry a parcel 3 feet long and 3 feet in girth, and weighing 11 pounds or less, all over the world for 12 cents a pound, or 6 cents a pound inside the Colony. The United States has no Parcels Post for inland service, and no foreign service except with New Zealand and Germany.

New Zealand sends a 10-pound package 12,000 miles to London by Parcels Post for 75 cents. From Boston to London, 3000 miles, our express companies charge \$1.00 for such a package. A New Zealander can send a 3-pound package by postal express to London for 25 cents. From Boston to London the company rate is 50 cents. From Boston to New Zealand the charge for a 3-pound package is 36 cents by Parcels Post, and \$1.05 by express. For a 7-pound package, the rate is 84 cents by post, and \$1.60 by express, and for 11 pounds, the charge is \$1.30 by postal express, and \$2.35 by corporation express.

For 2 cents a New Zealander can send a $\frac{1}{2}$ ounce letter half round the globe, to England, Switzerland, Italy, Canada, Mexico, Peru, and over 100 other places, while we have to pay 5 cents for a $\frac{1}{2}$ ounce letter to England or any other country whatever except our next door neighbors, Canada and Mexico.

New Zealand has Postal Savings Banks, and the total deposits in all sorts of banks amount to \$140 for each inhabitant. The United States has no Postal Savings Banks, and the total bank deposits amount to only \$110 per inhabitant.

The State Telegraphs of New Zealand transmit 5 messages per capita each year, while the private telegraphs of the United States transmit not quite one message per head of the population.

The mails which are public in both countries have the same use per capita in both countries, the number of pieces carried being 96 per year for each inhabitant in both commonwealths.

A telegram can be sent 1000 miles on the Government lines in New Zealand for 12 cents. In the United States the companies charge 50 cents or more for that distance, with a 30-cent rate at night.

New Zealand makes a good profit on her postal business.

Our railways charge the Government a much higher rate for carrying the mails than they charge the express companies for carrying express matter. New Zealand owns her railways and gets her mails carried at cost.

The New Zealand post-office is also a telegraph and telephone office, an express office, a savings bank, and life and accident insurance office, an old-age pension office, a tax-collection agency, an open door to the Government loan office, the public trustee and the public employment bureau, and a polling place where commercial travelers and others away from home can cast their ballots. In the United States no such

coördination of services has been attained. The post-office has got no further than the carrying of the mails, and selling money orders.

For 40 years New Zealand has had title registration to give simplicity and certainty to the transfer of land. A few of our more progressive States are just beginning to use the system.

In New Zealand the Government owns over half the land and intends to own a great deal more. In the United States the Government owns comparatively little outside the parks and the arid lands left in its hands, and doesn't intend to own much land. New Zealand limits the area one man can hold, gathers in large estates, cuts them up and leases them at moderate rentals, giving the landless the preference. In the United States the capitalists gather in the small estates to make bonanza farms. Single titles cover millions of acres. One man owns four million acres, an association of four men owns three millions, and there is a considerable list of estates containing 200,000 to 1,000,000 acres each.

There is no limit here to the area a man or corporation can buy up and hold. So far as the law is concerned a man could own a whole State, or the continent even, if by some ingenious arrangement of trusts and combines he could capture enough of the people's wealth to buy it.

Some time ago when the Cherokee Strip in Oklahoma was thrown open for settlement a crowd of men gathered on the frontier to fly with fleet horses the moment the last hour of the reservation expired. The mob waited and watched for the midnight hour, and at the stroke of 12 there was a rush, a race and a scramble to pre-empt the best claims. I have seen an English fop throw money to a crowd of gamins to see them tussle for it, and our Government did substantially the same thing on a larger scale with the Cherokee Strip. In New Zealand all public land is disposed of on lease or sale in orderly fashion, and if there is more than one applicant for a particular section the matter is determined by lot or by auction.

In New Zealand the understanding is that the land and all its wealth belongs to the people. In this country the understanding is that the land and all there is in it, underneath it or on top of it, belongs to those who can win in the race for its possession.

New Zealand has Government Insurance at low rates, with absolute certainty and no forfeiture, and all profits go back to the customers. Our people insure in private companies with plenty of forfeiture, no security against insolvency, and at rates high enough to yield a big profit.

The Public Trustee of New Zealand has no counterpart in the United States.

The United States has given enormous quantities of the people's land and money to railway corporations, more than enough sometimes to build and equip the whole road, but the people do not own a mile of these railways; the private companies own them all. New Zealand too has put the people's land and money into railways, but it keeps the roads it pays for to be the property of the people. New Zealand believes that when she invests the nation's money, the investment should belong to the nation and not to a private company.

In the United States a big combine, or corporation or other wealthy shipper can underbill his goods or get low railway rates that enable him to take the market from his competitor. In New Zealand there is no unjust discrimination in freight rates, and the Company that ships a million tons can get no lower rate than the man who ships 400 pounds.

Here the railways are managed for private profit, there the railways are run for public service.

In the United States everything is done to favor the big man. In New Zealand every effort is made to secure the small man as good treatment as the large man (he gets just as low freight rates, and can borrow money at the same rate of interest, etc.); and in cases where it is proper to make a difference the favor is shown, not to the big man, but to the little one, to encourage the beginnings of wealth—the small investor gets a higher rate of interest from the Public Trustee than the large estate, the landless have the preference in applications for public lands, the man long out of work has the preference for employment other things equal, etc., etc.

Public funds in the United States are deposited in favorite banks that get the use of many millions free. New Zealand deposits her money in her own banks and invests it for her own benefit.

New Zealand has prohibited industrial panics. But there is no restriction on their immigration to America, or on their domestic cultivation.

New Zealand has "smashed the money ring," but the money power is still in full bloom in America.

In our financial system private interest is dominant. Wall Street and the great banks and moneyed institutions control the situation. In New Zealand the public interest dominates the money market. The possession of the great central bank, the net-work of postal savings banks, and the Loan Office, gives the people's Government practical control of the financial machinery of the Commonwealth.

Our money and credit system in America along with many excellencies has many defects. In the first place it is unstable. It is a multitude of separate bricks instead of a solid wall. If one brick falls it may knock down others within its sphere of influence, and they in turn may spread disaster till the whole industrial system is shaken by a panic. The power to control the volume of money and credit is the power to control the rise and fall of prices, secure a steady flow of productive activity, or an alternation of feverish speculation and depression; the power, in short, to produce prosperity or panic. The credit and currency system here is in private hands and is managed for private purposes. Speculative profit holds a prominent place in the affections of our financial governors, and business upheavals often favor individual profit. In New Zealand the credit and currency system is in the hands of honest public officers and is managed in the people's interest, with no taint of speculation, with a definite purpose of preventing financial disturbances, and with all the strength that belongs to a unified system backed by the national resources. The

result is that we suffered a business crisis in 1893, while New Zealand succeeded in warding off the panic altho her arrangements for dealing with financial difficulties were far less perfect than now.

Aside from instability our credit system is defective because of its discriminations against persons and places. Ample facilities are offered to rich men and big cities, but small men and rural districts have not their fair share of monetary accommodations. Moreover our banking system is a prolific manufacturer of millionaires as the Tribune List discloses, and so in another way disturbs the fair distribution of wealth.

Government banks, when political conditions are such that they are really the people's banks and not politicians' banks, are in many respects superior to private banks. The public system makes no millionaires, but manufactures a multitude of well-to-dos. It offers adequate service to rural districts and small business men. It secures stability and safety. And it operates the whole financial system for the public benefit instead of for private profit and speculation. Even when a private system is operated with the utmost honesty, its cash and credit are apt to fly the market and vanish into safety vaults at the very crises when they are most needed in the open. Whereas a public system brings out its cash and credit when under fire, and puts it on the market at low rates to avert the panic. A private pocket-book is not big enough to fight a panic, but can get out of the way. A public pocket-book is big enough to fight successfully and cannot get out of the way; if a crisis comes it will hit the public pocket-book anyway. A private pocket-book cannot do anything to save itself but run away and hide, except where sufficient coöperative spirit has developed to make it possible for a large number of individuals to unite. A public pocket-book, on the other hand, can't run away and hide; it can only save itself by battle, and it is strong enough to keep any ordinary panic from coming ashore, or suppress it if it has a foothold in the country.

The farmers of America have looked to Congress for National control of railroads, Government loans, and postal savings banks, but they have looked in vain. In New Zealand the farmers look to their Parliament for these benefits and obtain them.

Over 90 per cent of New Zealand's debt is for public works and paying investments; over 90 per cent of our debt was incurred for war.

In 1900 Congress appropriated \$128,000,000 for Army and Navy, and \$3,726,000 for agriculture. The relative effort is the other way round in New Zealand. The expenditure for the benefit of agriculture was more than double the amount expended for defense.

In the United States we hear a great deal about "class consciousness," and a political party has been formed to carry on a class conscious movement. In New Zealand one hears nothing about class consciousness; it is consciousness of what is good for all the people that is deemed of importance there.

New Zealand has an 8-hour day and a half holiday. We have, as a rule, a 10-hour day and no half holiday. Factory girls in our Southern States work 11 hours a day. In New Zealand the law limits factory work to 48 hours a week, and in all but woolen mills the limit for women and children is 45 hours a week. Still fewer hours are often fixed by the Arbitration Court.

With us the aged and destitute must depend on charity or go to the pauper house. In New Zealand the aged poor receive State annuities.

The United States looks chiefly to the amount of exports and the development of material wealth. New Zealand looks to the condition of the workers who produce the wealth and the goods exported.

In New Zealand now capital coöperates with labor for the reference of disputes to the Court of Arbitration for the judicial decision of their differences. In the United States capital pays part of the workers to shoot the other half or hold them at bay in the industrial battles we call strikes.

In New Zealand a trade union may do anything that an individual may lawfully do. In the United States there are many things an individual may do without liability, which, if done by members of a labor organization, would be met by a suit for criminal conspiracy or by injunction. Injunctions against the boycott, picketing, etc., in many cases make an effective strike impossible. Strikes are industrial wars and ought not to exist. But they are at present the only effective weapons labor possesses in America, and they ought not to be taken away till better methods are established in their stead. If the law deprives labor of the means of enforcing a strike it must first put arbitration in its place. New Zealand law has removed restrictions on effective strikes except in the case of a few public services, and has also adopted arbitration on the compulsion of labor organizations, with the result that strikes have ceased to exist. The country that accords to labor the freest field for effective strikes is the country, and the only country, that has no strikes.

In 1877 a giant railroad strike occurred in the United States with rioting and burning, troops overpowered by mobs, twelve men killed at Baltimore and many more at Pittsburg, traffic tied up and millions of property destroyed. In 1886 came the big Gould strike with more violence and destruction. And in 1894 the vast and violent Chicago strike occurred, in which 100,000 railway men went out, the roads were paralyzed, and the business of a continent was clogged for weeks, with an accompaniment of mobs, riots, troops, burning, and destruction of life and property—\$1,739,000 loss of wages to employees (many of whom lost their places also as the battle went against the workers, and not only their former places but all chance of railway employment as they were blacklisted by the roads and boycotted throughout the country), \$5,358,000 loss to the companies in profits and property, and \$80,000,000 to the country at large according to Bradstreet's estimate—all because the Pullman Company cut wages 25 per cent without reducing the house rents its employees had to pay it, and refused to arbitrate the difficulty tho repeatedly urged to do so by the Civic Federation, including many eminent citizens, and by the City Council, the American Railway Union, and Mayor Pingree of Detroit accompanied by the Mayor of Chicago, and telegrams from the mayors of over fifty of the largest cities in the country earnestly asking arbitration.

Under the New Zealand plan the car-shop employees, instead of striking May 10, would have filed an application for a hearing, or the Railway Union would have taken the dispute into court, and long before the middle of July, when the battle closed, a judgment would

have been secured binding the Pullman Company, the railroads and the employees, without disorder or hindrance of traffic, and at the cost of a few hundred dollars instead of nearly ninety millions. After this strike, in accord with the recommendations of the United States Commission that investigated it, a national arbitration bill (on voluntary lines)⁸ was introduced into Congress, but nothing came of it.

The anthracite miners asked for an 8-hour day, a 20 per cent advance in the contract price for mining coal, the recognition of their union, and the privilege of having a representative of their own to check the weighing of the coal and see that it is honestly and correctly done, and they offered to arbitrate the whole question. The owners would neither grant the petition nor arbitrate, and the mines were closed for months, the price of coal went into the clouds, the industries of a dozen States were put to inconvenience and expense, and the total loss to the workers, mines and railroads was over a hundred million, to say nothing of the loss to the public. All because there was no law to compel the mine owners to accept the workers' offer to arbitrate. We have had plenty of lessons before, at Chicago, Homestead, etc., but this industrial crisis, more perhaps than any other, has brought out the consciousness that the public interest is the supreme interest in industrial affairs and must be reckoned with. It is not a combatant interest; it demands peaceful settlement, and in that it is identical with the true interests of the disputants.

In New Zealand the miners would have submitted their requests to the owners, and if no agreement could be reached they would have cited the owners before the Arbitration Court. The whole matter would have been investigated just as any other difficulty between individuals or bodies of men is investigated in our courts of justice (except that lawyers would probably have had no part in the proceeding), the books and accounts of the companies would have been inspected, the testimony of the owners and the men received, and an impartial judgment rendered. All the time the mines would have been in operation, and there would have been no army of unemployed, no coal famine, no loss to the public, the employers, or the workers.

It is estimated that strikes and lockouts in the United States have cost employers and employed \$380,000,000 in the 15 years, 1887-1902, or an average of 25 millions a year. The total cost, including the public loss, is probably not less than \$600,000,000 or 40 millions a year. New Zealand also had terribly expensive strikes before she got her Arbitration Court, but in the eight years since then she has been practically free from industrial war.

The United States is a land of industrial conflict; New Zealand is the land of industrial peace.

When the arbitrary conduct of the Coal Trust in refusing to arbitrate grievances drove the price of coal 400 per cent above the fair level, our people did not look to the National Government for redress, but to J. Pierpont Morgan, the king of the coal fields, and looked in vain. In New Zealand when the coal ring forced the price 75 per cent above the fair level, the people did not beg the managers of the trust to be just, but looked to their Government for redress, and did not look in vain, for the Government went into the coal mining business itself in the interests of the people.

Altho our country is in the midst of a great continent, our isolation is practically as complete as that of the Island Commonwealth so far as defense and freedom are concerned. But our great resources and comparative nearness to Europe have brought to our shores large numbers of immigrants from the poorer nations of the old world. These immigrants and the negroes of the South have rendered our population less homogeneous than that of New Zealand. The children of the new comers with fair treatment and good education soon become thoro American citizens worthy of their new home, but if they come faster than we can assimilate them they will hurt our civilization without compensating benefit to themselves. New Zealand believes that a nation should be as careful as a family about the strangers it takes in to mingle with its children and become a part of its life.

New Zealand not only excludes the Chinese as unfit material for a democracy and an injury to Anglo-Saxon labor, but is determined to exclude all other immigration of low order that may threaten to dilute her civilization. We also exclude the Chinese but admit vast multitudes of men from the slum districts of Europe to the great increase in the difficulty of our development, and the consequent delay of the economic salvation of the whole world which so largely depends on America.

In the United States the movement of population is from the country to the city. In New Zealand the movement is from the city to the country.

The control of New Zealand cities and towns has not been the scene of party conflicts or division on the lines of national politics, and there have been no boodle franchises or contracts, or political corruption of any sort in their governments, nor even a charge of corruption against any member of any local government—a statement I make on the authority of the present Chief Justice of the Colony. In some of the cities and towns of our own beloved country such things have been known.

Municipal life in the United States reaches both higher and lower levels than are known in New Zealand. In some of our cities affairs are in a worse condition than is known in the municipal life of any other highly civilized country. On the other hand the great body of our municipalities are sound and progressive. Municipal ownership of water, gas and electric works has made remarkable progress, and wherever the town meeting system prevails, local public spirit has reached a vigor and efficiency superior to what is known in almost any other country.

The dominant ideal in America is industrial conquest. The ruling thought of New Zealand is political and industrial justice and equalization.

We worship the dollar and make success a deity, and sacrifice even conscience, character and health upon her altar. New Zealand has a profound respect for the dollar and for success, but does not allow them to override her sense of right.

The splendor of the prizes to be won in commercial and business life in America has dazzled our youth and warped our morals. The strain on the individual conscience in New Zealand has been far less.

The purpose one meets oftenest among our youth is to gather enough wealth to be a millionaire. The purpose one hears oftenest expressed in New Zealand is to have no millionaires and no paupers.

New Zealand is living under the rule of men. We are living, to a large extent, under the tyranny of capital.

Our political economy thinks that money is the test of wealth. New Zealand's political economy knows that manhood is the highest wealth.

Our trusts are organizations of wealth for commercial conquest and aggression. The People's Trust that manages the railways and other great industries in New Zealand, is an organization of wealth for service. A dozen years ago the monopolists controlled the Government of New Zealand, but the common people have taken possession of it now. In the United States the monopolists still control the Government, and the common people, instead of taking possession of it, are simply petitioning the representatives of the monopolists to legislate against the monopolies they represent.

The United States has 150 millions in warships. New Zealand has 150 millions in public works and public investments, railways, telegraphs, banks, water works and mining properties, lands leased at a moderate rental and loans on interest to farmers, traders, workers and municipalities.

Both countries have free secular universal education in the public schools.

New Zealand's Constitution is more easily changed than ours—too easily perhaps; it does not seem wise to allow the representatives, even when chosen by direct nomination and thoughtful ballot, to change the Constitution without submitting the specific alteration to the people on a referendum vote.

We have a provision in our Constitution against aristocratic titles but no provision against aristocratic power. New Zealand's Constitution has no provision against titles, but her people have a constitutional abhorrence of monopoly, and they frame their laws to dethrone the kings of the market and the soil. We legislate against the shadow; New Zealand goes after the substance.

Our fathers fought and conquered the aristocracy of birth; our brothers in New Zealand have fought and conquered the aristocracy of wealth.

The concentration of enormous wealth in the United States goes rapidly forward, while in New Zealand the movement is toward the better diffusion of wealth. In this country the object seems to be to create as many millionaires and multi-millionaires as possible, regardless of the number of tramps that may be generated at the other end of the business system. In New Zealand the definite principle is to have no millionaires till all can be millionaires, and no paupers anyway. It will be time enough for millionaires when the commonwealth rises to the million level so that any intelligent and industrious family may accumulate a million as it now may secure ten or fifteen thousand, without taking wealth that is really produced by others and belongs to them. Such a time is intellectually conceivable with the development of machinery, and accumulated wealth. The total wealth in New Zealand is \$1800 a head, or easily 500 times the per capita wealth among the lowest savages. Another equal development and any deserving family may have a million. The machine power of the United States is already equivalent to the labor of 30 full grown men for every family, and is rapidly increasing. Still it is quite clear that there is no immediate prospect of reaching the millionaire stage on a democratic basis, and we do not want millionaires on an aristocratic basis.

Columbus discovered America in 1492. The Pilgrims landed in 1620 and established free Government in New England. The Declaration of

Independence followed in 1776 and the Federal Constitution in 1889. The new republic reversed the policy of the old world and undertook to conduct her affairs on principles directly the opposite of those by which the world in all preceding ages had been guided. She determined not to waste her national resources on military and naval equipments. Europe still lay at the feet of a few great families; still squandered her substance in the maintenance of enormous multitudes of armed men; still burdened and baffled the industry of her toiling millions by the constant employment of those armed multitudes in devastating wars to satisfy the ambitions or avenge the quarrels of the aristocrats. America looked on with serene neutrality upon the furious efforts which the European nations were making to subdue each other, and devoted herself to peaceful industry. The result was a development that is without a parallel in history. But there was a deadly taint in the industrial greatness of America; men were sold at auction on her soil, and millions were held in bondage, their lives controlled by a few aristocrats for their private benefit. Garrison, Phillips and Lincoln roused the people against this iniquity; secession followed, and in the war for the Union the slave system, that caused the conflict, perished on the field of battle. After the war a new age of industrial development began, but in this age the building of corporations, franchise monopolies and combinations of capital has been carried to an extent unknown before, and has resulted in a concentration of wealth and a pressure on the Government, that in connection with the spoils system and partisan nominations and elections, has set up a powerful movement toward the monopolization of Government and industry. Once more vast multitudes of lives are controlled for the private benefit of a few. History shows to what the concentration of wealth and power must lead. Strong men have stirred the thought and conscience of the people, and public sentiment is crystallizing, but still for the most part the laws and the markets are in the hands of the monopolists, and the movement toward the congestion of wealth and power has not been reversed.

The first European saw the cannibal islands, called New Zealand, in 1642, a few years after the Pilgrims landed at Plymouth Rock. The first Caucasian landed in 1769, about the time American Colonists were beginning to fret at the treatment of Great Britain. And the pioneers of the white invasion, the missionaries, whalers, and flax and timber traders, did not come on the scene till our second war with England and the years of Napoleon's decline and fall. In 1840, the third year of Victoria's reign, the country was made a part of her empire; 12 years later a Constitution was granted the Colony; and 18 years after that the National Railway and public works policy was inaugurated. Then began the age of material development. New Zealand did not waste her resources in the maintenance of fleets and armies; her labor was free and enlightened, and her industries grew rapidly. But with this development came speculation, land monopoly, concentration of wealth; which with the plural voting of the rich gave the practical control of the lives of multitudes into the hands of a few for their private benefit. The unemployed, low wages, discontent, colossal strikes, tramps and slums, developed. For twenty years New Zealand headed straight toward the conditions of the old world. But the teachings of Grey and Ballance and the still more impressive teachings of experience stirred the common people to take the Government into their own possession. In 1890 this was done and the movement of the Commonwealth was reversed. Since then New Zealand has moved steadily away from congested wealth and aristocratic power, and toward diffusion, equalization and fraternity.

A few important contrasts are reduced to their lowest terms and brought into strong relief in the following crisp analysis:

United States.

Nominations by machine.
Government by party.
Spoils system.
Political corruption.
Monopoly pressure to control Government.
Concentration of wealth.
Dollar the king.
Government loans to banks.
Unjust discrimination in freight rates.
Railroads and telegraphs for private profit.
Organization of capital in the lead.
Frequent and costly strikes and lockouts.
Industrial conflict; disputes of labor and capital settled by battle.
10-hour day.
Contractor system in public works.
Taxation for revenue.
Farmers and workingmen divided at the ballot box.
Monopolists and politicians in control.

New Zealand.

Nominations by popular petition
Government by the people.
Merit system.
No political corruption.
Government pressure to break down monopoly.
Diffusion of wealth.
Manhood the king.
Government loans to farmers.
No discrimination in freight rates.
Railroads and telegraphs for public service.
Organization of men in the lead.
No strikes or lockouts.
Industrial peace; disputes of labor and capital settled by judicial decision.
8-hour day.
Direct employment and coöperative methods.
Taxation for the public good.
Farmers and workingmen united at the ballot box.
The common people in control.

Nevertheless, in spite of all these tremendous contrasts, so many of which are unfavorable to us, the United States is the grandest nation on earth, and has the most magnificent prospects. After traveling through most of the principal countries of the world, including the United States, and comparing it with other nations by observation, supplemented by careful study of the countries visited and of other lands not visited, and doing our best to divest ourselves of all false patriotism and prejudice of birth and training, we are still in love with America. The possibilities of the Union are boundless. The destinies of the world are in her hands. She has always led mankind in any undertaking on which she has put her mind. She has only to give her best thought and energy to the new problems that have risen since she last stopped to consider the fundamentals of human relationship, and she will move forward toward industrial justice with a momentum that will carry humanity with her. With popular election of officers, it is better to be on a splendid ocean liner than on a sailing vessel or a steam tug, even tho the great steamship is not headed for the best port. It is

only necessary to put the proper men in control and change the course of the ship for the true port, then she will be right; and think of the speed she can make, the cargo she can take, and the passengers she can carry!

CONCLUSIONS.

The facts of supreme importance we believe are: *First*, that these astonishing contrasts of condition and tendency arise for the most part from a difference in the direction of energy in the two countries. *Second*, that the divergence of energy results chiefly from a difference in the aims and purposes and methods of the two peoples, these causes and conditions being themselves dependent on common sense, just intent, earnest thought and true conceptions developed by various educational influences. *Third*, that her present position of leadership in political progress has been achieved by New Zealand in a few years from very unfavorable political conditions, except that she had no political corruption, spoils of office, or party domination of the nominating power. Other important factors, such as the suffrage, the tenure in the Upper

House, the pressure of land monopoly and its practically continuous control of the Government through one House or both for over twenty years, were worse than anything that we have ever experienced; but devotion to principle rather than party, and voting with eyes fixed not on the offices, but on legislation to be secured, and institutions to be established, has overcome all obstacles and led to an indusrio-political advance without parallel in the history of the world. *Fourth*, that the revolution was accomplished peacefully, by agitation, education, direct nominations, questioning and pledging of candidates on policies and measures, and the union of farmers and workingmen at the ballot box.

The new light that has been growing for years in the Southern sky, till now it illumines the world, is not the flame of battle, but the rising glory of a new civilization. The Aurora Socialis of New Zealand is not so brilliant as the blaze that met the astonished eyes of Europe as she gazed across the sea in 1776 at the crimson flame around our Declaration of Independence; nor so intense and awe-inspiring as the lurid glare of the French Revolution; but the light of the South is whiter, clearer, steadier than its predecessors, tho it flows from the same eternal fountains of energy, and draws its political electricity from the same great dynamos of liberty, equality and fraternity. There are no blood-red jets in freedom's new-lit altar fires, as in the days of French awakening, nor is it streaked with slavery's black, as when our Western Colonies burst into flame and liberty's camp fires glorified the clouds of war for all but the Negro slave. France and America had to use bullets as well as ballots. New Zealand is waging her battles with ballots alone. France guillotined aristocratic men and women; New Zealand guillotines aristocratic institutions. New England fought the despotism of a foreign government; New Zealand is fighting the despotism of the dollar.

Thoughtful men in every country recognize that the diffusion of wealth and equalization of industrial opportunity are the great problems of the age, and the people know that political liberty is very imperfect without industrial liberty, free government being perverted by the power of private monopoly and industrial aristocracy. Every civilized land is full of vigorous discussion of the sesubjects. But only New Zealand and Switzerland have taken vigorous action. In most countries legislation is not the expression of the Collective Wisdom, but too often reflects the private interest of some boss, machine, or party management. In New Zealand with direct nominations, pledging of candidates and independent voting,

and in Switzerland with the referendum, legislation has come to represent substantially the public thought and feeling.

The average New Zealander, tho enjoying the largest average income in the world, is nevertheless of an economical turn, and does his political thinking for himself, instead of paying a boss or machine to do it for him. Then he votes as he thinks. He discusses his differences with fervor and intensity, but when it comes to action he does not "flock by himself," but unites with all who agree with him on some important move that is immediately practicable. He does not refuse part of what he wants because he cannot have it all. He recognizes the difference between education and legislation. He preaches his whole idea, but votes for what can be had at the time. He does not lock himself up in a little party to wait until the caravan gets to the millennium, but puts his shoulder to the wheel to help the wagon out of the particular slough that is hindering its progress now.

He saw that the Government was controlled by monopolists, and he joined with all who wished it to be in the hands of the people and put it there. He felt that he was paying too large a share of the taxes, and he voted to put more of them on the rich, who could bear the burden better. He found that the railways, under the Commissioner system, were being operated largely on capitalistic principles, and he voted for candidates pledged to see the roads managed for the public service. He does not organize a strike against the coal ring or the shipping trust, or other aggressive monopoly, and then vote to keep the monopolies in power by electing men who represent them.

The remarkable thing about New Zealand is that she applies common sense to politics. The people know that the Government is the great monopoly that underlies and controls all the rest. They believe that legislation should be in the interest of the public and not of any class, and they know that to accomplish this they must see to the nomination and election of men who represent the public interest. They know that poverty, aristocracy of wealth, and private monopoly are opposed to good government, and they have resolved on their extinction. The people control the Government, and are using it to secure the gradual abolition of commercial conflict and industrial mastery. They are using the power of just political organization to infuse justice into industrial organization. They are using democratic political institutions to secure democratic industrial institutions through public ownership, careful regulation, judicial decision, and coöperative industry. The whole movement amounts simply to this: The

common people united at the ballot box to obtain control of the Government, and by means of that they have made more progress toward industrial harmony and justice than any other nation on the globe. The Island Commonwealth has shown the way to the solution of the great problems of wealth diffusion and equalization of opportunity. A new civilization has come. A new age has dawned. New Zealand is the birthplace of the twentieth Century.

[This is only a taste of Prof. Parsons's masterwork, "The Story of New Zea-

land." In this pamphlet all description of scenery, etc., history other than political, biography of public men, etc., are omitted, as well as fuller details, discussions, etc., in text, notes and appendices; and also Prof. Parsons's great chapter (82) of which he is very proud, showing New Zealand's place among the nations. It is hoped that at least one copy of the large book will find its way into every community, either in the public library or in the library of some neighborly individual who will permit those in his community who wish to read further about New Zealand, to have access to his copy.]





ORCHARDS AND GARDENS, WAIMATE ROAD, NELSON.



A NEW ZEALAND SETTLER'S HOME.



NEW ZEALAND'S OLYMPIC RANGE.

The Mountains of the Southwest Coast, below Milford Sound.

Whatever may be thought of the drink question—whether Nature did well in supplying men everywhere with water to drink instead of rum—it is clear that she did right in making her oceans out of water instead of alcohol; otherwise a lighted match dropped overboard from a ship might cause a conflagration worse than a prairie fire, and under the tropic sun the oceans would vanish, leaving their beds as dry as strong drink leaves a man. Water is a great success in the landscape and it is quite wholesome and refreshing as a drink after you get used to it.



NAPIER.

Chief town and port of the District of Hawke's Bay.

From the villas and gardens of the wealthier citizens on Prospect Hill (a part of which is shown in the foreground) the view is exceedingly fine. The Bay is ranked with that of Naples, as one of the most beautiful in the world.

The women of the villas here and in the wealthier quarters of other cities did not take to the suffrage much at the first election, but have since shown their



A CIVIC TYPE.

Thoughtfulness and beauty are not inconsistent. Thought adds a charm to beauty, and lifts even the plain woman far above the mere butterfly beauty. Where the women not only win love and admiration for their sweetness, goodness and physical attractions, but also command respect for their reason and judgment, the civic question, "Shall our mothers, wives and sisters be our equals or our subjects?" acquires redoubled force.



HOMES FOR THE HOMELESS.



THE LITTLE GREY KIWI OF NEW ZEALAND.

A wingless and tailless bird about two feet long. The general color is a light yellowish brown, mottled in a wavy manner with blackish brown.

Among New Zealand's wingless birds may be numbered the capitalists who threatened to leave the country if the progressive land and income taxes were enacted, but have in fact remained and found so many big crumbs of prosperity under the new regime, that they do not think of walking away and would not fly if they could.



GEORGE SQUARE, DUNEDIN.



HON. WILLIAM PEMBER REEVES.

AUTHOR OF THE MANDATORY ARBITRATION LAW. NOW AGENT-GENERAL FOR NEW ZEALAND IN LONDON.

Mr. Reeves is the most distinguished writer New Zealand has produced, and one of her greatest publicists. The compulsory arbitration law, so skillfully drawn by him, has abolished strikes and lockouts, and after 8 years' experience is cordially approved by the great majority, both of workers and capitalists. Thus New Zealand, by the union of its common sense and civic patriotism with the skill of its great Labor Minister, has led the world in solving the problem of bringing industrial disputes within the sphere of judicial decision and ousting the primitive method of settlement by battle from its last stronghold, except international disputes, and they, too, are rapidly being reduced to the civilized method of arbitration or judicial decision.



FRANZ JOSEF GLACIER, NEW ZEALAND ALPS.

The heart of a glacier is not more cold and comfortless than feeble old age in helpless poverty. And the heart of a nation whose attention and thought were clearly and strongly directed to the equity and humanity of the matter and still left its deserving poor to the forlorn option of dire want or the poorhouse, would have a frigidity as far below that of the glacier as it is below the temperature of the smiling valley in its summer bloom.



THE WHITE TERRACE.

See p. 558.

A natural stairway in glistening white; destroyed by the eruption of 1862; but similar deposits are now reforming.



MOUNT TUTOKO, 8000 FEET HIGH.
A Beautiful Mountain in the Middle Island, just above Milford Sound.

New Zealand is the most interesting corner of the civilized world today.

And yet there was not a single book in existence that gave an adequate idea of its history, institutions, government, etc., until the recent publication of

"The Story of New Zealand"

By PROF. FRANK PARSONS, A. M., Ph. D., Etc.

Edited and Published by C. F. Taylor.

Yes, many other books on New Zealand have appeared in the past, but they are mostly of English origin, and devoted to some special phase or period of New Zealand's history, as the Maori Wars, for example. But this book is the only one that has ever appeared which covers all that we wish to know about this exceedingly interesting country; history, description, the native people (the Maoris) and their treatment by the whites, the splendid resources of the country, and more than all, a full and interesting account of the rise and development of the remarkable institutions and government of New Zealand, which are attracting the attention of all the rest of the world; all in a single, splendid, beautifully illustrated volume (866 pages).

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"Altho something like fifty books have been published about New Zealand, nevertheless all writers have left practically untouched one most important field of original research, viz.: the evolutionary aspect and causal relations of its institutions. In 'The Story of New Zealand', not only has this defect been remedied, but a clear and comprehensive account given to the three islands which compose that commonwealth, from the earliest times down to the present day. The labor involved in producing this work must have been enormous."—*Westminster Review, London.*

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"I have long desired such a presentation of the social progress of New Zealand, and you and Professor Parsons have rendered an important service to the public in presenting it in such a work. New Zealand is a great social laboratory from which the world should learn much."—*Rev. Josiah Strong.*

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"The Story of New Zealand' is a great work, greatly accomplished."—*Philadelphia North American.*

"Furnishes Americans with food for thought."—*Boston Herald.*

"It is simply impossible, within due limits, to set forth even a tithe of the varied and remarkable excellencies of this volume. It is a great book. It tells a wonderful story, and one that ought to go out into all the earth."—*Coy and Shaw.*

"I am delighted to think that you have given the whole subject a thorough study and have told the results."—*Justice Oliver Wendell Holmes, U. S. Supreme Court.*

"The aggressiveness of the reform spirit in New Zealand has fastened upon that country the eyes of all progressive people throughout the world."—*Dr. J. S. E. Funk, of Funk & Wagnall Pub. Co.*

"The natural beauties and wonders of New Zealand excel those of any other country on the face of the globe. In the small space of about twice the size of our New England States we have mountains grander than the Alps, deep fiords equal to those of Norway, hot springs and geysers equal to those of the United States, a climate more genial than that of California, the blue skies of Italy, vegetation green the year around, beautiful rivers, cascades, glaciers—the whole course of natural beauty and grandeur of scenery in a few days' travel. This book sets it all forth in text and illustration."—*The Medical Council.*

The foregoing sample pages give a very inadequate idea of the book, which consists of 866 pages, and over 170 illustrations, the latter showing the portraits of the early explorers and settlers, the early condition of the country, cities at various stages of development up to the present time, both early and present-day Maori life, portraits of leading statesmen from early times to the present, the magnificent scenery, etc. The text is unique in the literature of the world. It is history, biography, political philosophy and sociology welded into one, lighted up with art and humor, presenting, like an unfolding drama, a movement of great significance to all the world at the present time. *What is now history in New Zealand is prophesy for the rest of the world.*

This is not only the latest and greatest book on New Zealand, but an important part of it is really on a new subject; for no other book has ever treated New Zealand's institutions in their historical sequence and causal relations, together with their significance to the rest of the world. Thus the book, the historical, biographical, descriptive—an interesting story and an art album—is much more than all these combined.

The general public should have access to this book; therefore *it should be in every public library in the land; and no private library is complete without it.*

From New Zealand's Labor Secretary.

"It is difficult to speak of the book except in terms that would seem like flattery. Short as the history of the colony has been, it has been full enough of incident and excitement to make it no easy task to grasp the subject strongly, and yet in a way in which the ordinary mind can take pleasure. You have succeeded in this difficult task, and have covered the historical 'dry bones,' with a very charming living body that will, I hope, become familiar to the eyes of many citizens of your great nation. * * * You have managed to avoid repetition of other people's work to any extent and have properly dwelt on the points sometimes not brought out clearly. * * * But as you put it, I see how great the advance has been. * * * I am glad to find that you understand the 'inwardness' of our progressive legislation. Really it may be condensed into the phrase 'public education.' It is the effort for national culture, especially on the line of (economic) ethics. * * * Where I can see no fault what could criticism be but praise? * * * Reading your book is over; it will now be a work of reference, often looked up and consulted, for we have no volume condensing so thoroughly so much information."—Edw. Trepper.

P. S. I hope to be able to send an order for 50 copies by this mail.

"It is a monumental volume. Well done. I hope it will be read by millions, for it will usefully clear away superstitions which clog the progress of economic legislation in the United States."—Frederic B. Andrews.

"Contains a great deal of most interesting information. I shall order a copy for our library."—Prof. Henry C. Adams, Michigan University.

"I have read the 'Story of New Zealand'. The book is a remarkable one, and treats of a remarkable subject. In fact, it is the story of a wonderful revolution, where the rights of man have triumphed and equality of opportunity is established among people of the English race. Every person interested in the great social questions which are now being worked out in this country should read this book, and learn that there is a way for justice to be bestowed upon those who produce the wealth, and that the greed of man can be curbed and the interest of the toilers protected. * * * I consider this book invaluable."—E. U. S. Senator, R. F. Pennington.

"A splendid and exhaustive work. I will ask the Editor of the *Cooperation News* to call special attention to it in the *News* so that the societies may know of it and purchase copies for their libraries."—J. C. Gray, Gen'l Sec'y, Cooperative Union of Great Britain, (an organization having about two million members).

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"This book of Professor Parsons' comes as a revelation."—*The Independent*.

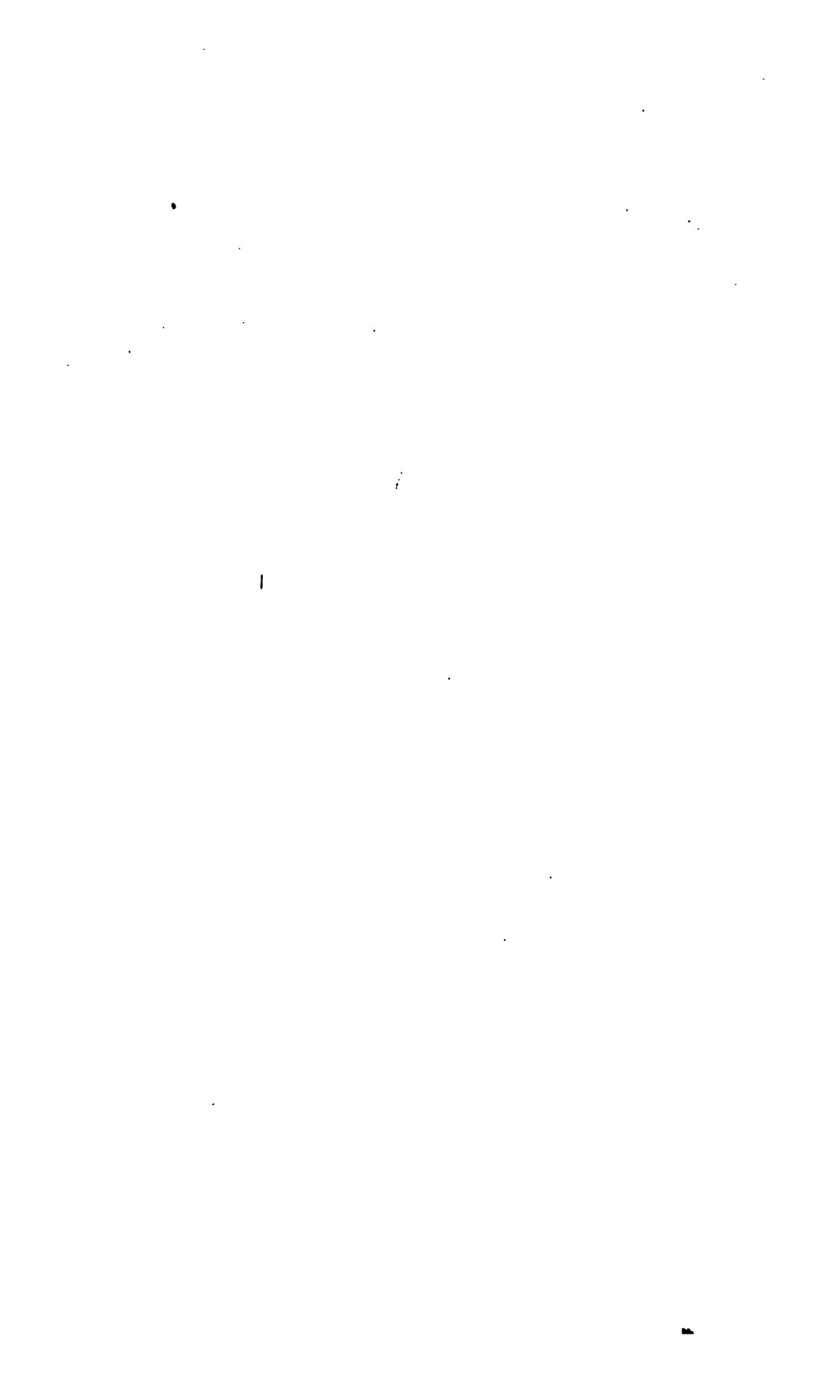
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the 1990s, the number of people in the world who are under 15 years of age has increased from 1.1 billion to 1.5 billion, and the number of people aged 65 and over has increased from 0.2 billion to 0.5 billion (United Nations, 1999). The number of people aged 65 and over is projected to increase to 1.1 billion by the year 2050 (United Nations, 1999).

There is a growing awareness of the need to develop strategies to meet the needs of the ageing population. The World Health Organization (1999) has identified the need for a 'new paradigm' in health care for the elderly, one that is based on the principles of 'active ageing' and 'healthy ageing'.

The World Health Organization (1999) has defined 'active ageing' as 'the process of maximizing the opportunities for health, participation and security in old age'. 'Healthy ageing' is defined as 'the process of maximizing the opportunities for health, participation and security in old age, while minimizing the risks of disability and premature death'.

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